Daily Report

Latin America

FBIS-LAT-95-244
Wednesday
20 December 1995

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report
Latin America

FBIS-LAT-95-244 *20 December 1995*

CONTENTS

CARIBBEAN

Cuba

Radio Reports Arrest of Antigovernment Plotters *[Havana Radio]* 1
Official on 'Anti-Cuban' Human Rights Resolution *[Havana Radio]* 1
Ministry Spokesman on Initiatives Passed at UN *[Havana Radio]* 1
Canadian Official Views Activating Fishing Fleet *[Havana Radio]* 2
Council Appoints Ferradaz Foreign Investment Minister *[Havana Radio]* 2
'Unexpected' Ministry Shift *[NOTIMEX]* 2
Robaina, Alarcon Attend CDR Seminar *[Havana Radio]* 3
Science Minister Speaks at Opening of Isotope Center *[PRENSA LATINA]* 3

Haiti

Officials, Party Leaders View Election Results 4
Government: Election 'Without Problems' *[Port-au-Prince Radio]* 4
Senator Denounces 'Irregularities' *[Port-au-Prince Radio]* 5
Panpra Leader: Elections 'Catastrophe' *[Port-au-Prince Radio]* 5
Democratic Party Head: No Acknowledgment *[Port-au-Prince Radio]* 5
Socialist Party Urges Nullification *[Port-au-Prince Radio]* 5
MRN Leader: Citizens Show 'Indifference' *[Port-au-Prince Radio]* 6
RDNP: 'No Credibility' in Results *[Port-au-Prince Radio]* 6
Correction: Weak Voter Turnout Reported 6

Trinidad & Tobago

Correction: Prime Minister Hospitalized 7

MEXICO

Commentary on Government Negotiations With EZLN *[LA JORNADA 11 Dec]* 8
Secretariat To Seek Reciprocity for Truckers Under NAFTA *[Mexico City TV]* 9
Economic Policy's Prospects Viewed *[REFORMA 10 Dec]* 9
Roundup of Economic Developments Through 18 Dec *[NOTIMEX, etc.]* 11

CENTRAL AMERICA

Guatemala

President Views Nation's Crime Problems, Solutions *[Tegucigalpa Radio]* 14
Carpio: Drug Trafficking Occurs in 'Large Proportion' *[SIGLO VEINTIUNO 14 Dec]* 15

Honduras

Reaction to Nicaraguan Seizure of Fishing Boats 15
Minister Confirms Detention of Boats *[TIEMPO 19 Dec]* 15
Protest Issued on 'Flagrant Violation' *[ACAN]* 16
Civil Sectors Say Reina Fears Army *[LA NACION 8 Dec]* 17

Nicaragua

Press Note Issued on 'Shoot-Out' With Honduran Boats *[BARRICADA 19 Dec]* 18

Minister: Arrested Fishermen Deported to Honduras *[ACAN]* 18

Panama

Groups To Protest U.S. Invasion, Stay of Bases *[EL PANAMA AMERICA 19 Dec]* 18
President Announces Changes in Security Groups *[Panama City TV]* 19
Confirms Replacement of Police Director *[Panama City TV]* 19
Officials Investigate Warning of Presidential Attack *[EL PANAMA AMERICA 19 Dec]* 19

SOUTH AMERICA

Brazil

Senator Claims Cardoso 'Afraid' of Clinton Over Sivam *[AGENCIA ESTADO]* 21
Cardoso Denies Cabinet Changes, Speaks on Sivam *[Brasilia Radio]* 21
Agency Created To Prevent 'Money Laundering' *[FOLHA DE SAO PAULO 11 Dec]* 22
Advantages Country Offers to Organized Crime Analyzed *[O GLOBO 10 Dec]* 23

Chile

Envoy: Nation's Example Not Acknowledged by U.S. *[EL MERCURIO 17 Dec]* 23
Insulza Stresses Achievements in Foreign Policy *[EL MERCURIO 16 Dec]* 24
Insulza Views EU Accord, Stresses Integration *[EL MERCURIO 19 Dec]* 25
Government Satisfied With Bosnian Peace Agreement *[EL MERCURIO 16 Dec]* 25
Norwegian Vice Foreign Minister Pays Official Visit *[LA TERCERA DE LA HORA 16 Dec]* . 26
Resumption of Negotiations With Mercosur Previewed *[EL MERCURIO 16 Dec]* 26
President: Government-Military Ties 'Exceptional' *[EL MERCURIO 16 Dec]* 26
Government Positively Evaluates Administration *[EL MERCURIO 15 Dec]* 27

Colombia

Government 'Totally' Rejects Renewing Extraditions *[Santa Fe de Bogota TV]* 28
Samper's Lawyer: Gelbard's Remarks Harm Country *[Santa Fe de Bogota TV]* 28
Envoy Notes 'Satisfaction' With U.S. Official's Remarks *[AFP]* 28
Minister: Country Deserves U.S. Certification *[Madrid EFE]* 29

Ecuador

Minister Reiterates Noninvolvement in Arms Race *[Quito Radio]* 29
Electricity Rationing Increased To 8 Hours Per Day *[Quito Radio]* 29
Emetel Withdraws Telephone Lines From Government Palace *[Quito Radio]* 29

Peru

Fujimori Urges U.S. To Act on 'Ethical Principles' *[Lima TV]* 30

Venezuela

Minister Confirms Attack by Colombian Guerrillas *[Caracas TV]* 30

Cuba

Radio Reports Arrest of Antigovernment Plotters

PA2012033895 Havana Radio Havana Cuba in Spanish 0000 GMT 20 Dec 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Just hours ago in Los Angeles, FBI agents arrested three members of a paramilitary group who intended to smuggle themselves into Cuba and plot against the Cuban Government. The men, who could be sentenced to up to eight years in prison, had with them numerous weapons, such as semi—automatic rifles, grenades, and gas masks.

Official on 'Anti-Cuban' Human Rights Resolution

PA1912204695 Havana Radio Havana Cuba in Spanish 0000 GMT 16 Dec 95

[Interview with Abelardo Moreno, acting director of multilateral affairs of the Foreign Ministry, by Barbara Betancourt in Havana; date not given; from the "Evening Information Review" newscast — recorded]

[FBIS Translated Text] [Betancourt] I am talking in Havana with Abelardo Moreno, acting director of multilateral affairs of the Foreign Ministry, about the approval of an anti-Cuban resolution on human rights at the Third Committee of the UN General Assembly. Moreno, this is not the first time that the United States succeeds in putting this topic on the UN agenda, but we notice, however, some weariness, some stagnation, on the part of the rest of the countries that must participate in the voting. How do you feel about that?

[Moreno] The weariness and stagnation on this resolutions seems obvious to me. Let me tell you, if I were the U.S. Department of State official in charge of this topic, I would feel a great disappointment. Look, the United States, the world's first power, which has the policy of aggression against Cuba as one of its priorities and has allocated resources of every kind, exerted all sorts of pressure, to try to get a resolution of this nature, only got 62 votes. This figure is not even one third of the UN members. In other words, it seems to me this is a clear demonstration to the U.S. Government that the international community really does not follow its attempts to attack Cuba, to have Cuban condemned, and its increasingly frequent actions against our Cuba.

[Betancourt] Setting aside this analysis, based on an unquestionable numeric reality, meaning that the United States has been losing votes since it began this policy, today, the bill was sponsored by 25 more countries. If we review the relation that exists, it draws our attention that the great majority, with just one exception, are countries of the First World. It is as if this topic were clearly not just a U.S.-Cuban dispute, but a First World-Third World dispute.

[Moreno] If you analyze all the means with which the human rights problem are being manipulated, it becomes increasingly evident — and you will realize this — that this is really a North-South problem. The case of Cuba is an example of that situation. There are others, but it is one example. You mentioned the number of co-sponsors. As you said, with one exception, they are First World countries. Now, if you also analyze the voting pattern, you see that over 75 percent of those votes the United States got through different means are also countries of the developed world.

The votes against or abstentions come from Third World countries. It seems to me that the North-South [word indistinct] is very clear.

[Betancourt] [Words indistinct]

[Moreno] The resolution, as all resolutions, approved by UN General Assembly committees will be forwarded to the plenary assembly in a few days. We will see what happens there. I think that to hazard a guess would not be the most appropriate. Let us see what happens.

Ministry Spokesman on Initiatives Passed at UN

PA2012024195 Havana Radio Rebelde Network in Spanish in Spanish 1800 GMT 14 Dec 95

[Report by Ilia Sardinas from the "National Radio News" newscast]

[FBIS Translated Text] During his regular meeting with national and foreign journalists, Foreign Ministry spokesman Miguel Alfonso referred to the approval of three Cuban initiatives during the Third Commission of the UN General Assembly.

One of the initiatives is related to family reunification and the other to electoral processes.

[Begin Alfonso recording] This resolution on family reunification was approved with 75 votes in favor, and only four oppositions. Those votes opposed were from the United States, Israel, Japan, and Canada. These were the only four votes opposed to the initiative. The other resolution, which is related to electoral processes, also proposed by Cuba, this time together with [word indistinct] sponsors was approved with 78 votes in favor, 56 against, and 19 abstentions. This is a resolution that polarized votes at the General Assembly. The United States also voted against this resolution on electoral processes. [end recording]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Canadian Official Views Activating Fishing Fleet

PA1912140995 Havana Radio Havana Cuba in Spanish 0000 GMT 13 Dec 95

[Report by Marianela Samper; from the "Evening Information Review" newscast]

[FBIS Translated Text] Marcel Landry, minister of agriculture, fisheries, and food of the Canadian Province of Quebec, met with Raul Taladrid, Cuban vice minister of foreign investment and economic cooperation, to promote exchanges and cooperation in various sectors. During their talks, Landry underscored the long tradition of friendship joining the peoples of both countries, the large number of tourists from Quebec who are interested in traveling to Cuba, as well as cultural relations, which are currently enhanced by the presentation of 10 filmmakers at the 17th Festival of Latin American Film.

[Begin Landry recording, in French with superimposed translation into English] As agriculture, fisheries, and food minister, I can say we are also interested in establishing an association in the areas of agriculture and fisheries. In addition, there are many companies in Quebec that the government's support in this regard and are interested in investing in the areas of construction, infrastructure, and obviously in tourism. [end recording]

Moreover, Landry pointed out that his delegation includes businessmen from the pork production sector using high-technology genetics, paper manufacturers who wish to examine cooperation possibilities with Cuba, and others from the film industry.

[Begin Landry recording, in French with superimposed translation into English] We are interested in cooperation and exchange possibilities. Likewise, I would like to stress our resolve to (?increase) our exchanges for the youth sector. [end recording]

Meanwhile, Vice Minister Taladrid underscored that there are no difficulties to promote investment from Quebec in Cuba. In addition, he explained to the visitors some of the details of the new Foreign Investment Law. He pointed out that this law has no limitations as to the size of possible partners, which could be either large, medium-sized, or small enterprises. All would depend on the type of project and the capital available. He underscored that the Cuban Foreign Investment Law is broad and flexible, and it examines each case individually. The Cuban official announced that a joint study is being carried out with the UNIDO [United Nations Industrial Development Organization] to determine the possibilities of Cuban enterprises to become Caribbean suppliers. This could be a source of interest for future investors from Quebec that could increases market possibilities and competitiveness.

During their talks, Marcel Landry expressed his desire to create a joint commission that will examine the possibilities of exchanges between businessmen so as to identify associations. He also commented on the proposal of creating a joint venture with Cuba to activate Quebec's fishing fleet. Marcel Landry will continue his visit to Cuba until 17 December. According to his agenda, he will hold similar meetings with the authorities from the agriculture, tourism, education, and culture sectors. This was Marianela Samper from Cuba's international radio.

Council Appoints Ferradaz Foreign Investment Minister

PA2012034395 Havana Radio Havana Cuba in Spanish 0000 GMT 20 Dec 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] The Cuban Council of State has appointed Ibrahim Ferradaz Garcia as minister of foreign investment and economic cooperation to replace Ernesto Menendez Bachs. The new minister was head of the National Audit Office of the Finance and Prices Ministry.

'Unexpected' Ministry Shift

PA1912224395 Mexico City NOTIMEX in Spanish 1836 GMT 19 Dec 95

[By Francisco Ramirez Cardenas]

[FBIS Translated Text] Havana, 19 Dec (NOTIMEX) — In an unexpected ministry shift shortly prior to the approval of its first annual economic plan since 1990, Cuba today appointed a specialist in economics control as head of its foreign capital magnet program.

"We have a splendid Foreign Investment Law, and I will take over my new position with enthusiasm," Ibrahim Ferradaz told NOTIMEX this Tuesday in his first statements following his appointment as new foreign investment and economic cooperation minister.

The up until now director of the National Audit Office (ONA) replaces Ernesto Melendez whose unexpected removal was announced by the official newspaper GRANMA without any further explanation.

Ferradaz, 46, said that he would be taking over his new office in one week and that the transfer of duties would take 30 days as established by law, but he refrained from commenting on the reasons for his appointment.

Ferradaz, an economics control specialist, has been heading the ONA for the past three months, but prior to that he headed the Audit Office of the Finance and

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Prices Ministry, which is responsible for overseeing all state enterprises and organizations.

"I have been involved for 25 years in economic tasks linked to these processes," said the official who worked for five years with the people's government organization in the province of Havana, close to this capital city.

Cuba's People's Assembly (the single chamber parliament) approved the Foreign Investment Law this past September following an official presentation by Melendez who had gone to office in April 1994.

Up until the first quarter of 1994, Melendez headed the powerful State Committee for Economic Cooperation (CECE), predecessor of the new ministry that had transferred its head office to the exclusive neighborhood of Miramar.

The CECE was responsible primarily for relations between Cuba and the former Soviet Union and Eastern Europe, but the collapse of the Soviet bloc and the opening to international capital exceeded its original obligations.

There were 212 associations with capital originating from more than 50 countries involved in 34 productive fields up until this past November, according to official figures, as well as an accumulated investment of $2.1 billion the government is determined to increase as of 1996.

Mexico, Canada, Spain, and Italy are the nations investing more capital in Cuba, which, according to government strategists, is in need of capital, technology, and a market for its economic takeoff.

The provision granting incentives to foreign capital guarantees, in certain cases, total share control and contemplates the possibility of creating free zones and industrial parks, both of which are under evaluation.

The new minister is scheduled to take over his new position on 26 and 27 December, the day before the People's Assembly begins to debate its first annual economic plan in the last five years, after being able to brake the recession and as at least 300 new investment requests are still pending.

Robaina, Alarcon Attend CDR Seminar

PA1912234395 Havana Radio Rebelde Network 1800 GMT 14 Dec 95

[From the "National Radio News" newscast]

[FBIS Translated Text] [Station announcer Cesar Arredondo] Ministers and top leaders of the highest spheres of the economy, culture, education, and other basic sectors of the nation's life, have held a meeting with CDR [Committee for the Defense of the Revolution] leaders from all over the country, during a national seminar being held in Havana's Nico Lopez Higher School of the Communist Party of Cuba. Felix Fernando Garrido has the details.

[Begin recording] [Garrido] Foreign Minister assessed the meeting this way:

[Robaina] What is strange is to try to think that foreign policy is unrelated to those who are making the life of a country. The life of a country is made in a neighborhood. If the life of a country is made in a neighborhood, what is explained abroad is what is born, grows, and develops in a neighborhood, that is, all the complexities and all the good, regular, and bad things of any neighborhood. I believe that it would be a crass mistake to think that foreign policy is unrelated to the neighborhoods from where it emerges, hence the importance I attach to the fact that in a scenario such as this one we have the confidence and certainty that there are many questions about our foreign policy in those neighborhoods. I think that what is important of those questions is the quantity posed seeking a response.

[Garrido] Ricardo Alarcon, president of the National Assembly of the People's Government, also gave this newscast his views.

[Alarcon] What is the essence of our political system? It is the participation of the people from the grass roots in the workings of the government, implementation of tasks, the decisionmaking process of society, and controls of the activities of society. How is that achieved? It is not achieved simply because you listen to it in an an assembly or you make speeches. That is how it operates in a bourgeois system. For that reason, the CDR's are the vital nerve of the people's government.

[Garrido] This was the second seminar for CDR leaders from all over the country. [end recording]

Science Minister Speaks at Opening of Isotope Center

PA1912195395 Havana PRENSA LATINA in Spanish 2139 GMT 15 Dec 95

[Report by Argel Calcines]

[FBIS Translated Text] Havana, 15 Dec (PL) — Cuba is preparing to substitute the imports of a wide variety of radiopharmaceuticals and marked compounds with the opening of the Isotope Center (Centis) in the outskirts of this capital.

Built in conjunction with Argentine firm Invap S.E., Suministradora de Proyecto y Equipamiento Tecnologicos, the plant hopes to meet the national demand of

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

these high value-added products for the diagnosis and treatment of diseases (nuclear medicine), pharmacological tests, and genetics engineering.

"As we consolidate the work of this center, the country will be in a position to acquire isotopic raw materials and conduct here the necessary processes for the corresponding fractionation, dosage, and marking," Rosa Elena Simeon, minister of science, technology and environment, stated upon opening the installation.

According to Centis Director Doctor Jose Morin Zorrilla, special emphasis was placed on radiological safety from the project phase and the adequate training of the scientists and technicians who work here, many of whom were trained in Argentina, Mexico, and Brazil.

In this regard, Moris highlighted the help provided by the International Atomic Energy Agency (IAEA), which recently approved a prototype technical assistance project for Centis, prepared by the very Cuban specialists.

In provisional installations, three radiopharmaceuticals of broad demand in hospitals are produced in Cuba since 1991: Hipuran, marked with radioactive isotope iodine-131, and the combinations of pyrophosphate and DTPA for marking with technetium-99M.

The radiopharmaceuticals are introduced for diagnosis purposes in the bloodstream, because they have the ability to concentrate in the tissue of a specific organ — the brain, for instance — and later be expelled by the excretion system without entailing risks for man.

During this interval, specially sensitive equipment monitor their emissions of radioactive particles and convert them into images thanks to the advances of nuclear medicine in areas such as gammagraphy [gammagrafia] and the technology for static, dynamic, and tomographic studies (Spect).

Cuban chemists are already producing experimentally several radiopharmaceuticals of the so-called "second generation," including HMPAO and MIBI; the former very useful in diagnosing brain strokes and the latter used for the same purpose in the heart.

In the first half of next year, after the National Center for Nuclear Safety grants the new plant a license to operate, the production currently made in the laboratories located at the Center for Applied Studies in Nuclear Development (CEADEN) will be transferred to this facility.

The Centis will also provide scientific-technical services and molecule radioactive marking (a technique commonly used in pharmacokinetics), handling and storage of radioactive sources, determination of chemical composition, and counseling on radioisotopes applications.

The sale of radiopharmaceuticals and other products abroad has not been ruled out, although this — Rosa Elena Simeon recognized — represents "a great challenge because production has to be really competitive in terms of quality and price, and the complexity and specificity of the market also has to be considered."

After the appearance of the monoclonal antibodies (ACM), a new perspective opened up at the world level for the use of radiopharmaceuticals in the immunodiagnosis [immunodiagnostico] and therapy.

In fact, ACM's marked with radioisotopes are used for diagnosing heart attacks, several forms of cancer, and coronary thrombosis.

Haiti

Officials, Party Leaders View Election Results

Government: Election 'Without Problems'

PA2012015595 Port-au-Prince Signal FM Radio in French 1130 GMT 19 Dec 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] The government of the Republic is very happy and has congratulated the Haitian people who expressed themselves freely during the 17 December elections.

Despite real difficulties and fears, the election took place without problems throughout the country, the Port-au-Prince government has stated. These presidential elections are a historic beginning that introduce to our country a political alternative, a safe way to consolidate the democratic experience in Haiti.

The government thanks the internal security forces that guaranteed the security of the process and stresses once again the role of the international community, which has accompanied the Haitian people in the organization of this important election.

The government of the Republic hopes the candidates who expressed the legitimate desire to lead our country will continue their exemplary behavior following the announcement of the electoral results.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Senator Denounces 'Irregularities'

PA2012015495 Port-au-Prince Signal FM Radio in Creole 1230 GMT 19 Dec 95

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] After the presidential election, Professor Victor Benoit denounced the irregularities that marked the electoral process in Haiti.

Candidate Victor Benoit has said officials of the Provisional Electoral Council [CEP] broke the electoral law in several ways. Benoit has criticized the behavior of the head of the Haitian executive during the 17 December electoral day. Saying not many people participated in the presidential elections in the large cities, Victor Benoit has asserted, however, that more people participated in these elections in the communal sectors. Explaining this low voter turnout rate, Benoit has noted the fact that the CEP did not allow more people to register for their electoral cards to participate in the presidential elections and has cited economic and political reasons. [passage omitted]

Meanwhile, Senator Julio Larosiliere has said that he could have won the elections in the first round and that he has noted six irregularities justifying his spot in the runoffs. These irregularities include the following: the posting of photographs of other candidates despite the Electoral Law; the arbitrary and unexpected movement of polling stations, a change that caused confusion among most of the candidates' representatives, and only the representatives of one of the candidates were aware of this movement; the fact that members of the police force took hostage several of Senator Larosiliere's representatives and the director of his campaign as they brought food to their campaign members; and the publication of partial results without taking into consideration the those votes throughout the nine geographic departments that clearly indicate a high percentage of support for Larosiliere.

These are irregularities the senator has noted. Saying he is waiting for the runoffs, Larosiliere has said he respects all presidential candidates, does not have enemies among them, and is prepared to cooperate with any of them as of now so as to ensure the victory of the Haitian people and not that of one person. [passage omitted]

Panpra Leader: Elections 'Catastrophe'

PA1912234295 Port-au-Prince Signal FM Radio in Creole 1230 GMT 19 Dec 95

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] The reaction of the National Progressive Revolutionary Party of Haiti [Panpra] is the same. It believes the solution to all those problems is the reorganization of the Provisional Electoral Council [CEP] so proper elections can be held.

Panpra leader Serge Gilles believes the 17 December elections were a catastrophe in which, according to him, the Haitian people rejected both the CEP and the lavalas movement. He has said there are many reasons for the people's boycott of the elections, among them the high cost of living and the prevailing corruption within the current power.

Gilles, who has said he is ready to form a constructive opposition to the next government, believes the next president must discuss a compromise with the political class and the private sector so he may be able to lead the country.

Meanwhile, the PANPRA leader has said the solution to all those problems is the reorganization of the CEP so proper elections can be held.

Democratic Party Head: No Acknowledgment

PA2012015995 Port-au-Prince Signal FM Radio in Creole 1230 GMT 19 Dec 95

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] The head of the Haitian Christian Democratic Party [PDCH] has said he will not acknowledge the results of the elections.

Joachim Pierre has said no serious, honest, and democratic election can be held under occupation. The PDCH leader has pointed an accusing finger at the international community, which, according to him, has pressured the authorities so that the 17 December presidential election could be held in accordance with their [word indistinct].

Pierre has said no serious election can be held under occupation.

Socialist Party Urges Nullification

PA2012015895 Port-au-Prince Signal FM Radio in Creole 1230 GMT 19 Dec 95

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] The Haitian Socialist Party [PSH] has asked for the nullification of the 17 December

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

elections. The secretary general of the PSH has asked for the nullification of the presidential elections held in Haiti on 17 December.

According to the head of this political party, there were many unacceptable frauds and irregularities in the elections held in the country. Garnier Numa has congratulated himself on the fact that a large percentage of the Haitian electorate did not participate in the presidential elections, which he has labeled as illegitimate. Numa is demanding: that the elections in Haiti be held again; the participation of 50 percent of the political parties in the Provisional Electoral Council [CEP]; and the resignation of CEP President Pierre Michel Sajous.

These are statements that were given to Signal FM reporters by Garnier Numa, who has said the CEP should be reorganized.

MRN Leader: Citizens Show 'Indifference'

PA2012015795 Port-au-Prince Signal FM Radio in Creole 1230 GMT 19 Dec 95

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] The person who will win the 17 December election can in no way be the president of the 7 million Haitians in the country, according to the leader of the National Reconstruction Movement [MRN], Rene Thedore, who has said the Haitian people have clearly demonstrated via the 17 December election that they will not cooperate with demagogues in the country. [passage omitted]:

[Begin Theodore recording] According to information we have gathered and statistical estimations we have made throughout the country, only 6 to 7 percent of the voters, on the national average, participated in the 17 December elections. The Haitian people showed absolute indifference to the masquerade.

This moment in the country's history demonstrates the political maturity of the Haitian citizens who have refused to allow demagogues to lead the country following the experience of the Aristide regime. [passage omitted] [end recording]

RDNP: 'No Credibility' in Results

PA2012000195 Port-au-Prince Signal FM Radio in Creole 1230 GMT 19 Dec 95

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] The 17 December elections have no credibility and political legitimacy, according to the Assembly of Progressive National Democrats [RDNP] following the presidential election in Haiti.

The party of former President Leslie Francois Manigat has stated: Even if we acknowledge a national turnout of 17 percent, 17 out of every 20 voters had decided not to vote in these elections despite the propaganda of the government and the foreigners who have asked the people to go to the polls; thus, the 17 December consultation allowed a president to be elected with the votes of only three out of every 20 people, a point which has stripped its political credibility and legitimacy. Besides, that point will cause the weakness of the democratization process instead of reinforcing it as everybody expects, adds the RDNP, which has stated that these elections do not symbolize the political solution the country requires to facilitate the socioeconomic modernization the people need.

The RDNP has noted the various events that have caused several political parties to give up the electoral process; thus, in order to avoid another political deadlock, the RDNP has stated it has asked for, jointly with the other political parties, the reorganization of the Provisional Electoral Council. In this regard, the RDNP is still expecting the holding of true, general, and democratic elections.

The RDNP has stated that once the conditions guaranteeing freedom, equity, and true political pluralism have been met, it will participate in helping the country retake the democratic path toward national reconstruction and the participation of all.

Correction: Weak Voter Turnout Reported

PA1912163995

The following correction pertains to the item headlined "Reportage on 17 Dec Presidential Elections: Weak Voter Turnout Reported," published in the 18 December Latin America DAILY REPORT, pages 14-15:

Page 14, column one, final paragraph, only sentence make read: ...0630 local time (2330 GMT on Saturday) [times as received], two hours earlier... (rewording, changing GMT time, supplying editorial notation);

Same page, column two, second full paragraph make read: ...the capital, many voters could not find their polling stations using the directions that voter registration offices had provided. [new paragraph]

The observers confirmed... (rewording);

Same page, same column, third full paragraph, first sentence make read: ...polling booth since 0600 local time, and... (correcting time);

Same page, same column, antepenultimate paragraph, only sentence make read: ...victory of candidate Rene Preval, who is... (correcting spelling of name);

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Page 15, column one, fifth full paragraph, only sentence make read: ...are closed at 1800 local time (1100 GMT) [times as received] and in the... (supplying editorial notation)

Trinidad & Tobago

Correction: Prime Minister Hospitalized

PA1912173595

The following correction pertains to the item headlined "Prime Minister Hospitalized With Chest Pains," published in the 18 December Latin America DAILY REPORT, pages 16-17:

Page 16, column two, final paragraph make read: [FBIS Translated Text] Port-of-Spain, 17 Dec (NOTIMEX) — A medical aid... (correcting spelling of city);

Same paragraph, only sentence make read: ...Trinidad and Tobago, Basdeo Panday, was hospitalized... (correcting spelling of name);

Page 17, column one, second full paragraph, only sentence make read: ...quoted by television stations, said the prime... (changing apostrophe to comma); and

Column two, final paragraph, only sentence make read: ...for National Reconstruction (ANR) [acronym as received] directed by Ray... (changing brackets to parentheses, supplying editorial notation)

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Commentary on Government Negotiations With EZLN

PA1612030495 Mexico City LA JORNADA in Spanish 11 Dec 95

[Report by Julio Moguel — received via Internet]

[FBIS Translated Text] It was a "circumstantial" event due to a "lack of coordination," and problems in either understanding or in transmitting and receiving necessary signals. This was the Government Secretariat's argument to explain the presence of 14 military units in the town of La Realidad on the very day and time when the Harmony and Peace Commission (Cocopa) and the Zapatist National Liberation Army (EZLN) met to decide the terms for the Indian Forum, which will take place during the first week in January, We are referring to last Monday, 4 December.

According to the official version, these military units (jeeps and armored trucks that were armed to the teeth) had a "supply" function in what is considered as a "normal" operation in the route from Guadalupe Tepeyac to San Quintin.

The secretariat did not explain the following: Why did similar operations begin three days earlier on a daily basis? Why had 17 units of equal size performed a similar maneuver in the morning of that 4 December? And why during the next two or days, did their heroic anti-Indian command units maintain a heavy traffic in La Realidad? (The Conai [National Mediation Commission] confirmed this fact on the site on 6 December.)

Although it might seem to be away from the facts, an interview with Jorge del Valle, — who is one of the most prominent leaders of the government's delegation for the San Andres Larainzar talks — that EL NACIONAL published on this 4 December promises to be more illuminating than the Government Secretariat's statements in this regard. This is so because every effort was made throughout this interview to explain the government's comprehensive strategy against the EZLN, the Conai (so said Del Valle!!!), and the Chiapas People Democratic State Assembly [Asamblea Democratica Estatal del Pueblo Chiapaneco — Adepech]. Let's see.

Del Valle highlights the existence of two qualitatively different stages in the government's policy to face the Chiapas Indians' political uprise. He explains that from March through November 1994, the constant feature of the strategic plan was to confine the conflict. This differed from what occurred after the Zedillo government took office when the plan was then based upon the "reduction" of social and political figures in this conflict.

The government representative points out: "After a failed attempt to negotiate under the first commissioner, Salinas attempted to prevent the conflict from acquiring more political influence and from expanding territorially." Something else happened in the days of the Zedillo government. Now "there is the prospect of reducing this conflict." The official spokesman underscores: "We go from confinement to reduction in the territorial, social, and local political spheres. This logical strategy consists of giving the figures in this conflict their actual size without diminishing it but without exaggerating it either." In addition, Del Valle admits that this strategy does not only work with the EZLN because "this has happened" but also with Conai, the Adepech, and other (sic). The logic is to reduce them until they acquire their actual size."

This is clearer than water. Del Valle here says what only Iruegas had dared to maintain publicly ("the iruegas doctrine"), which is that negotiations in San Andres are dominated by a military logic combined with political politics and the social politics of the carrot and the funnel; all of which tends to "reduce" the social, political, and territorial space of the Zapatist movement and "its followers."

Without having to spell it out, Del Valle is speaking about the war against the counterinsurgency... and of other things.

Let us return to the point with which we had begun this article. At this point it would be worthwhile being somewhat nasty-minded and assume that the Federal Army's incursions, which we had referred to are not "normal" or intended to "resupply" the troops stationed in San Quintin, but that they were clearly and "strategically" formulated to carry out two feasible objectives: one "minimum" and the other "maximum." The minimum objective would be aimed at toppling or "reducing" the social and political profile of the Indian forum that is being organized for early January and, with this, "weaken" — even more — the government's "offer" that will be presented during the third phase of the Table on Indian Rights and Culture (scheduled to take place between 10 and 17 January). For these reasons, there would be a need to prevent the previously mentioned meeting between the Cocopa and the EZLN from taking place, for which the only thing needed would be to militarize the site of the meeting. Currently, it is being said, from the official side, that every guarantee is in place for the thwarted meeting to take place during the next few days. However, it so happens that time has run out rapidly — Christmas is practically here — and with it, conditions to organize the referred forum has also run out.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The "maximum" objective may be related to the pretension, neither worn out nor ruled out in the military assault of early February 1995, of cutting off some or most of the heads of the Zapatist Army, to once again return back to the San Andres scenario, or what had been the scenario preferred since the beginning by Ambassador Iruegas: organize a surrender "dialogue" with the EZLN and its local and national allies, and not a dialogue of debate and negotiation of their demands. What we are dealing with then, is Del Valle's version of Iruegas song: "December, I would love for you to leave." How nasty-minded we are.

Secretariat To Seek Reciprocity for Truckers Under NAFTA

PA1912134695 Mexico City XEW Television Network in Spanish 0400 GMT 19 Dec 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Regarding the U.S. Government announcement of a delay in the implementation of a provision allowing Mexican trucks to circulate in the United States, the Secretariat of Communications and Transport of Mexico has reported that, in strict adherence to NAFTA, it will take every necessary action to achieve a nondiscriminatory and effective reciprocity treatment for Mexican investors and transportation businessmen.

Economic Policy's Prospects Viewed

96CA0087A Mexico City REFORMA in Spanish 10 Dec 95 p 9A

[Commentary by Luis Rubio, political and economic reform advocate and director of the Center of Research for Development: "Economic Certainty or Promising Future"]

[FBIS Translated Text] Nearly a year ago, an odyssey began with noble purposes, but it ended, perhaps unintentionally, as a new development project. The devaluation of December 1994 was precipitated by the capital movements that were accentuated after the unforgettable and violent harangue unleashed by Mario Ruiz Massieu (who later ended up in a U.S. jail for violating the law) without the slightest display of restraint or shame; the capital flight continued into the first 20 days of the present administration. The government of President Zedillo tried to carry out an "adjustment" of the exchange rate to promote a rapid economic recovery. What it achieved was a massive raid on the funds of the Bank of Mexico. In response, it made a sudden change in the growth strategy of its economic policy. A year later, it is worth asking, "Will it achieve its objective?"

The contrast could hardly be any greater. The government of Carlos Salinas aimed at a single economic objective throughout its term: the creation of certainty as a basis for winning the confidence of the populace, savers, and investors, and as a means of generating economic growth. The government of Ernesto Zedillo, on the other hand, has set out to transform the politico-economic structures of the country to make economic growth possible. The objective is the same; the measures designed to achieve it could hardly be any more different from one another.

The previous administration sought certainty as an anchor for development. After decades of ups and downs in the economy and in politics, the Salinas government began with the premise that the country needed fundamental changes to bring about development, but that these changes could not be made in the context of incredulity and inflation that had prevailed since the early 1970's. Thus, it devoted the entire presidential term to the effort to reverse those trends. First of all, it looked for an anchor that would enable it to restore price stability. It found that in the exchange rate and in balancing public finances. The idea was that all prices would be adjusted to the current exchange rate, while the balanced public finances would make the exchange rate sustainable. The ultimate objective was stability and certainty. When serious problems arose, especially after the uprising in Chiapas, the economic policy and the premise of stability were put to the test. The government's response was to avoid a devaluation because of the uncertainty it might cause and the uncontrollable nature of the decision. Unfortunately, however, it employed reckless means to avoid a devaluation: On the one hand, the imbalance in public finances was accentuated by development banks' increased spending, disguised as credit; and, on the other hand, short-term domestic debt was contracted in dollars, while foreign investors were encouraged to buy Cetes in pesos. With these actions, the government incurred an enormous risk, based on the assumption that there would be a total continuity of criteria and policies when the new administration took office.

That continuity lasted exactly 20 days. The new government was operating on a number of premises that were different from its predecessor's, which in retrospect guaranteed that there would be a devaluation. In the view of President Zedillo's team, there were a number of imbalances that had to be corrected for the economy to be brought into rapid recovery. In fact, several members of the team had been arguing for years that a devaluation was necessary because the economy was no longer competitive. Ignorant both of the new dynamic of the international financial system and of the weak

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

foundations on which the entire financial scheme of the previous administration was resting, they abandoned the constant and systematic search for certainty, which exacerbated the capital flight and made the devaluation inevitable. Ernesto Zedillo's team had viewed devaluation all along, however, as a mechanism for achieving accelerated growth, so not only did they not regard it as a risk, they perceived it as an opportunity for giving an impetus to economic growth. In this way, what was anathema to Carlos Salinas' administration became the essence of the new economic strategy.

The devaluation elicited reactions with a force that no one could have imagined. The fury of the markets was not anticipated by the government, which had just begun to realize the dimensions of the problem. The tesobonos and the Cetes in foreign hands completely altered the logic of the Mexican financial system, since it was no longer possible simply to make that debt disappear through inflation, as had been done in the past. From the standpoint of those responsible for running the economy, the government had three possibilities: The first, which was unthinkable because it would have doomed the country to decades of starvation, was to default on the debt, that is, to repudiate it. The second was to try to restore the credibility of the markets, but it was decided, rightly or wrongly, that that would be futile. And the third option, which was adopted, was to try to replace the Cete and tesobono debt with foreign debt instruments that were more stable and had a longer term. Right or wrong, the government's initial strategy brought about a radical change in the management of the economy.

Now faced with implacable realities, devaluation, runs on the peso, incredulity, uneasiness, and an inevitable recession, the government made a drastic change in its strategy. The objective would no longer be to seek certainty, since that was not viable. It would be to build the structures that would, in the long run, make possible not only economic recovery, but also levels of growth similar to those of Chile and Southeast Asian countries. For this purpose, the government abandoned all pretext of achieving an artificial recovery in the short term, and set about the task of transforming the structures of national savings, public finance, and the parastate sector. The idea was to do away with the heavy dependence on external savings to finance growth. The statistics appear to support the government: In 1980, foreign savings equivalent to five percent of GDP [gross domestic product] were needed to achieve a growth rate of nearly nine percent; while in 1993, foreign savings flowed in at a rate of eight percent of GDP, but economic growth did not even reach one percent. In this regard, the Zedillo administration decided that external savings not only were not reliable, but also did not permit the levels of growth that the country needed. Hence, the new government's policy has been to carry out a structural transformation perhaps more ambitious than any ever conceived. One feature of it is that it may take longer than the presidential term to mature. In other words, we have embarked on a path that is correct and necessary, but we will not see positive results until the next century.

The course that has been set is not unlike that followed by countries such as Chile and New Zealand. There are significant differences, however. If we look at what has happened in those countries, we can draw at least three very clear lessons from the far-reaching structural changes that they underwent, which are now enabling them to achieve extremely high growth rates. The first lesson is that domestic savings are indeed a crucial factor in development. The second is that economic recovery does not happen immediately after major structural reforms are carried out. That is to say, we have been making profound changes in the country's economic structure for 10 years, as a result of liberalization, privatization, deregulation, and more recently, NAFTA [North American Free Trade Association]. These reforms force the productive apparatus to make radical changes, but the reaction is not immediate. Some companies do react almost immediately, but others, perhaps the majority, take years to get back on track. That is why it is highly likely that the delay in the recovery has had more to do with this adjustment in the productive sector than with any exchange-rate imbalance. But the other lesson that can be learned, both from Chile and from New Zealand, is that with foreign and domestic savings alike, any adjustment in the productive sector depends on clear direction provided by the government's economic policy, which gives savers, businessmen, and investors the certainty they need to play their part efficiently in the national scheme of things.

The devaluation of a year ago led to a head-on collision not only between two ways of viewing the world, but more importantly, between two development strategies. The first was oriented toward rallying the nation around the government's reform objectives; the other was devoted to building new structures in society and in the economy, without which real development, with high growth rates that can solve the essential problems of employment and income that we Mexicans face, would be impossible. In fact, there is no reason for the two objectives to clash. Both are inherently complementary. But if the strategy of the previous government was weak because it depended on anchors that turned out to be unstable, the current government's strategy is highly risky because it leaves a huge void between today

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

and the time when the strategy begins to bear fruit. If Mexicans have time, if the government does everything right and does not face obstacles such as this week with the Mexican Social Security Institute (IMSS), and if Mexicans are willing to give the government the benefit of the doubt so that this strategy will yield the benefits it promises, then the country will be the big winner. If not, time will tell.

Roundup of Economic Developments Through 18 Dec

PA1912122195

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Mexico monitored through 18 December.

Oil receipts from the domestic sale of petroleum products between January and October totaled 47.8163 billion new pesos (N$), according to a 12 December report datelined Mexico City. Mexican Petroleum (Pemex) reported oil receipts during the first 10 months of the year exceeded by 73.2 percent the receipts for the same period last year. During this period, Pemex sold 476,600 barrels per day of gasoline, representing N$22.7489 billion in earnings. With regard to the diesel sales, Pemex reported sales averaging 226,300 barrels per day, bringing in N$9.7534 billion in receipts. (Mexico City NOTIMEX in Spanish 0209 GMT 12 Dec 95)

A Mexico City-datelined item reports on 12 December that the clothing industry concluded its operations in 1995 with exports of over $2.358 billion. The president of the National Clothing Industry Chamber said this amount contrasts with the $318 million in clothing imports, which for the first time had a $2 billion surplus. The official concluded by saying that 30,000 new jobs were created in this sector in the second half of 1995. (Mexico City NOTIMEX in Spanish 2206 GMT 12 Dec 95)

Treasury Certificates, CETES, interest rates the week of 3 December increased as a result of the upward pressure on the dollar exchange rate. In addition, $213 million were invested this year in the Stock Exchange, representing a 95-percent drop from foreign investments in 1995. The Mexican Stock exchange reported foreign investors withdrew $16.881 billion they had in government bonds, mainly Tesobonos. (Mexico City LA JORNADA in Spanish 12 Dec 95 — received via Internet)

Business leaders have reported that pressure from large domestic and foreign groups has prevented the Mexican Government from imposing controls on short-term capitals. The president of the Confederation of Industrial Associations, Concamin, said short-term investments must be watched closely so they don't endanger the financial stability of Mexico. The Mexican Brokers Association president stated that between 25 and 27 percent of the total stock exchange market — N$675 billion — are in the hands of foreign investors. (Mexico City LA JORNADA in Spanish 12 Dec 95 — received via Internet)

The Retirement Savings System, SAR, has a balance of N$44.6379 billion at the end of September, of which 43.9 percent correspond to the retirement fund and 56.1 percent to the workers' housing fund. According to a SAR bulletin, the savings of workers have increased by 711.15 percent going from N$5.503 billion in 1992 to N$44.6379 billion. As of September, SAR funds paid a real rate (above inflation) of 4.8 percent annually. Of the N$25.404 billion for housing, 47.34 percent were given to Institute of the National Fund for Workers Housing, Infonavit, and 8.83 percent to Housing Fund of the Social Security and Services Institute for Government Workers, Fovissste. (Mexico City EL FINANCIERO in Spanish 13 Dec 95 p 8)

A stoppage by sugarcane cutters that marked 12 days on 12 December, has halted the production of 180,000 tons of sugar and caused a loss of N$566 million. (Mexico City LA JORNADA in Spanish 13 Dec 95 p 16)

Through direct capitalization by local and foreign partners and the sale of credit portfolios to the Savings Protection Banking Fund, Fobaproa, eight Mexican banks have received in 1995 assistance totaling $40.427 billion, which is equivalent to 71 percent of the market value of all Mexican credit institutions, according to reports issued by the National Banking and Securities Commission, CNBV, and the Mexican Securities Exchange, BMV. These banks are: Probursa, Internacional, Bancen, Serfin, Promex, Atlantico, Bancrecer-Banoro, and Confia. A figure that reveals the problem currently facing the banking sector is the overdue payments index in the past nine months. This index, which is the ratio between overdue portfolio and total credit portfolio, increased from 9 percent at the close of 1994 to little more than 17 percent as of September 1995. This data provided by the CNBV includes all banks within the system. (Mexico City LA JORNADA in Spanish 13 Dec 95 p 50)

The cost of sales increased by 50.6 percent in real terms for Mexican companies in September due to low merchandise turnover. The average merchandise turnover was 88.9 days for various economic sectors; it was 161.8 days for consumption goods; 117.3 days for the retail business, and 267.1 days for the automobile industry. Sales profits for the productive sector dropped from 8.34 percent during the first nine months of 1994 to 3.13 percent during the same period in 1995. Grocery

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

store sales suffered a 11.7 percent drop in real terms during the first nine months of 1995, the records, toys, and gift sectors experienced at 31.2 percent annual drop in sales and the automobile sector a 65.3 percent drop. Durable goods have registered a 41.1 percent drop in sales as of September 1995. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 13 Dec 95 p 3A)

As a result of the sale of its credit portfolio to the federal government, Banca Serfin registered a 10.61 percent capitalization index as of the third trimester of 1995, that is, 2 percent above last year's figure for the same period. According to information that Banca Serfin provided to the CNBV, its overdue portfolio registered a 1.75 percent annual drop from N$6.8419 billion during the third semester of 1994 to N$6.7219 in September 1995. Financial institutions continue to feel the effects of the financial crisis and Banca Serfin was no exception. Its net profit of N$226.5 million in 1995 reflects a 72 percent drop of N$585 million compared to 1994. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 13 Dec 95 p 5A)

After six months characterized by the closure of 470 companies, 50 percent drop in sales, and loss of 30,000 jobs, the textile industry registered a 126 percent increase in exports from January to November 1995. This development reverses a negative trend observed since 1988. According to the National Clothing Industry Chamber, this industry, including the maquila [assembly plant sector], registered a trade balance surplus of more than $2 billion. Imports totaled $318 million while exports totaled $2.358 billion. Most exports, however, are concentrated in five percent of the 10,000 companies affiliated to this chamber. (Mexico City LA JORNADA in Spanish 13 Dec 95 p 48)

The federal government spent close to N$1.5 billion to shore up the Workers' Bank to prevent the bank from being sold to foreigners, Leonardo Rodriguez Alcaine, president of the bank's Council of Administration, said. Rodriguez said labor unions hold between 27 and 29 percent of the bank's shares. (Mexico City EL FINANCIERO in Spanish 13 Dec 95 p 6)

Javier Warnholtz, commercial director of Aeromar, said that 1995 has been the worst year for Mexican airlines, which experienced a 35-percent drop in sales in the Mexican market and a reduction in the number of planes in operation. In addition, of the 62 airports in the country, only 10 report acceptable levels of operation. (Mexico City EL FINANCIERO in Spanish 14 Dec 95 p 16)

The Federal Electricity Commission received $225 million in credit from 12 banks from the United States, Canada, Europe, and Japan to modernize and increase the generation, transmission, and distribution of electricity in the country. In addition, President Ernesto Zedillo will inaugurate the Luis Donaldo Colosio Hydroelectric Dam in Sinaloa State on 14 December. (Mexico City EL FINANCIERO in Spanish 14 Dec 95 p 22)

The Economic and Stock Market Analysis Directorate of the Serfin de Occidente Financial Group reported that Mexico has used up only 62.5 percent or $12.5 billion of the exchange rate stabilization support program that the U.S. Treasury and Federal Reserve put at Mexico's disposal this year. (Mexico City LA JORNADA in Spanish 14 Dec 95 p 51)

The Commerce and Industrial Development Secretariat has announced that the Finance, Agriculture, and Labor and Social Welfare Secretariats have agreed to determine the price of a kilogram of sugar based on the price of a ton of sugar, at N$2,650. The new price will be in effect from 1 October 1995 to 30 September 1996. (Mexico City EL FINANCIERO in Spanish 14 Dec 95 p 30)

Jose Bonilla Robles, leader of the National Confederation of Rural Property Owners, has said bean production has fallen by 50 percent this year, yielding only 600,000 tons, while the national demand totals 1.2 million tons. Robles has said the situation is likely to worsen in 1996 if the government does not authorize a sharp increase in bean prices soon. On this year's agricultural production, Bonilla has said 2.5 million fewer hectares were planted due to adverse weather conditions and the lack of fresh loans, which fell by 50 percent. (Mexico City LA JORNADA in Spanish 14 Dec 95 p 47)

Decio de Maria Serrano, under secretary for the promotion of industry and commerce at the Commerce and Industrial Development Secretariat, has announced that Mexican automotive industry exports will total about $8 billion in 1995, almost 38 percent higher than in 1994, while imports fell almost 70 percent, totaling 17,963 units, due to scarce demand. Serrano added that the production of vehicles fell by 21 percent in 1995, totaling almost 790,000 units, compared to 1 million units produced in 1994. (Mexico City LA JORNADA in Spanish 14 Dec 95 p 64)

Alejandro Valenzuela, spokesman for the Alliance for Economic Recovery, has reported that after a $247.27 million amortization of Tesobonos (Treasury Bonds) on 14 December, the government will have paid a total of $28.824 billion dollars, or 99 percent of the balance pending in December 1994. Valenzuela added that the GNP will drop by between 6.5 and 7 percent and that inflation will close at about 52 percent this year. Total Mexican exports, meanwhile, will rise this

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

year by approximately $82 billion. (Mexico City EL FINANCIERO in Spanish 14 Dec 95 p 8)

The Inter-American Development Bank on 13 December approved a loan package for Mexico totaling $250 million to reorganize private financial institutions and boost the credit flow to productive businesses. (Mexico City EL FINANCIERO in Spanish 14 Dec 95 p 10)

The National Finance Bank has placed $425 million in six out of seven bids for dollars that were scheduled in 1995. The funds were used to support the working capital and to restructure the liabilities of industrial companies. (Mexico City EL FINANCIERO in Spanish 14 December 95 p 11)

According to a recent report prepared by the National Association of Buses, Trucks, and Tractors Manufacturers (ANPACT), domestic sales of heavy equipment declined considerably by 84.80 percent during the first 11 months of the year, while exports grew by 132.31 percent. The ANPACT report states that foreign sales continued to indicate the same trend as during past months, with exports reaching 1,596 heavy duty vehicles. (Mexico City LA JORNADA in Spanish 15 Dec 95 p 57)

According to a 15 December, Mexico City-datelined report, Mexican financial authorities have announced that consumption during the first nine months of the year had contracted by 12.8 percent in the private sector and 4.6 percent in the public sector. The Finance Secretariat has stated that the decline in public consumption had been due to a drop in the purchases of goods and services. According to the Finance Secretariat announcement, fixed gross investment evidenced a 30 percent decline compared to the same period last year. (Mexico City NOTIMEX in Spanish 1604 GMT 15 Dec 95)

The Mexican syndicate Quimmco and the Italian firm Teksid recently signed a joint investment agreement with a view to establishing an automobile industry supply company. The new joint venture, which will be known as Teksid Aluminum of Mexico, estimates an initial investment of $49 million and is scheduled to begin operations during the first half of 1997. It also expects to produce an average of 16,000 tons of alumimum per year. (Mexico City LA JORNADA in Spanish 15 Dec 94 p 54)

The National Agriculture Council has disclosed that by increasing exports by 54 percent and cutting imports, the food industry trade balance recorded a $1.038 billion surplus during the first nine months of the year, reverting a deficit amounting of nearly $2 billion reported in 1994. According to the National Agriculture Council, the sector also contributed nearly 20 percent to the surplus recorded in the country's total trade balance, a situation last recorded six years ago. (Mexico City LA JORNADA in Spanish 15 Dec 95 p 57)

According to a 14 December, Mexico City-datelined report, the Bancomer Financial Group (GFB) has authorized the issue of $300 million convertible debts to mature in June 2004. The second leading financial syndicate in Mexico has announced that the placing of the issue will be carried out in several stages. The first, scheduled to conclude this month, will amount to $100 million. A Bancomer communique has stated that the issue will be offered initially to the institution's preferred clients, while the remaining lot will be offered during the first months of 1996, based on conditions prevailing at the time in the Mexican market. (Mexico City NOTIMEX in Spanish 0103 GMT 15 Dec 95)

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Guatemala

President Views Nation's Crime Problems, Solutions

PA1512143595 Tegucigalpa Voz de Honduras Network in Spanish 1628 GMT 13 Dec 95

[News conference by President Ramiro De Leon Carpio, upon his arrival at the 17th Central American Presidential Summit, with unidentified reporters at the Ramon Villeda Morales International Airport in San Pedro Sula on 13 December; broadcast in progress — live relay]

[FBIS Translated Text] [De Leon Carpio] This is the beginning of a new era in Central America. This is my opinion. We have overcome and resolved political issues that we and our predecessors should have resolved before. I am talking about having overcome domestic armed conflicts, with the exception of my country where we are very close to achieving political stability.

All of the governments meeting here are the product of a democratic system.

We have overcome political fraud. We are now confronting the world's most difficult issues: poverty, extreme poverty, and injustice. To do this we have a Central American agenda: the Alliance for Sustainable Development agenda and the Economic Bloc agenda. I think all of the presidents realize the acute need for unity. To achieve this, now that the political issues have been resolved, we must resolve issues such as democratic security, the fight against drug-trafficking and drug-activities, and the controlling of common and organized crime.

This is a regional plan, different from those that are sometimes implemented in our countries to fight the effects of crime. Here, the issues of the army and of strengthening civilian power will be discussed.

[Unidentified reporter] It has been said there cannot be democratic security as long as there is armed conflict like the one in Guatemala.

[De Leon Carpio] I agree with this, of course. This is why, during the past 30 months of my mandate, we have made every effort in this direction, but, unfortunately, the guerrillas adopted the strategy of amplifying the issues. We are happy that we are now closer to peace and that we have signed agreements that would not have been thought of two years ago such as the Historic Explanation Commission, and the ones on human rights, uprooted communities, and the rights of the Indian nations.

[Reporter] [Words indistinct] extraneous in the area.

[De Leon Carpio] We are very close to the signing of a peace agreement. This is irreversible. We do represent democratic authority.

[Reporter] Honduras has a problem right now. More than six people have died traveling from Mexico through Guatemalan territory. Your country is not providing adequate security. What commitment will you take on this big problem?

[De Leon Carpio] In September, there was an incident where three Honduran citizens who were transiting in a vehicle were attacked. There were common criminal activities along a section that now has protection. We were unable to provide protection before for various reasons. Common crime occurs everywhere in the world.

[Reporter] The Honduran consul denounced this and was dismissed.

[De Leon Carpio] Yes, I have been informed of this. If you allow me, I will tell you about it.

[Reporter] Mr. President, it has been said there is a plot brewing among the authorities, among the military.

[De Leon Carpio] No. This is absolutely false. There is common crime in Guatemala the same way there is common crime here, in El Salvador, Miami, Madrid, and anywhere else in the world. We are investigating and are about to find the culprits, who are common criminals.

[Reporter] There are charges that it is the Guatemalan Army who is killing the Hondurans there.

[De Leon Carpio] This is false. This is completely and absolutely false. The Army has nothing to do with that. It is common criminals. Investigations have begun and I have ordered that they produce results. Three Honduran citizens have been the victims of common crime the same way Guatemalan citizens are the victims of common crime in El Salvador, and in Tampa — the world's most violent city. We have common crime in Honduras, El Salvador, and Guatemala.

The security forces have nothing to do with that. In a poll, 80 percent of the Guatemalan people asked me to have the military security forces back the civilian security force. This has produced excellent results. This is due to the participation of the Army. The Constitution establishes that the purpose of the Army is to provide stability, peace, and calm.

[Reporter] What about Central American demilitarization?

[De Leon Carpio] This is what we came here to discuss.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Carpio: Drug Trafficking Occurs in 'Large Proportion'

PA2012014995 Guatemala City SIGLO VEINTIUNO in Spanish 14 Dec 95 p 3

[Report by Manolo Acabal]

[FBIS Translated Text] President Ramiro de Leon Carpio said yesterday that in Guatemala the laundering of dollars from drug-trafficking activities occurs in *large proportion* as a result of the increase of international drug trafficking in the Central American region.

Before leaving for San Pedro Sula, Honduras, to attend the Central American Presidential Summit, where issues involving citizens security and the drug fight will be discussed, De Leon Carpio recognized the increase of this illicit activity.

It is a profound and delicate subject, but there are enough elements to say that in the country there are crops, trafficking, and laundering of dollars from this activity, both from international and Guatemalan organizations, he expressed.

Although he refused to speculate on the amount of dollars *launderedin* the country, unofficial figures show that about $800 million were *laundered* during the last year.

According to the president, given the evils that come with drug trafficking, such as violence and illegal enrichment, authorities are trying to prevent the drug-trafficking business from reaching large proportions, like in other countries.

In Guatemala, one of the most publicized recent cases of money laundering became public in August, when it was learned that former Guatel [Guatemalan Telecommunications Enterprise] manager Francis Ramirez had been arrested for laundering $80,000, which were sent back to the United States as clean money.

According to the summary of the indictment initiated against Ramirez in the State of Louisiana, he forwarded two checks with an alleged letter from Guatel certifying the legality of the money received from services rendered to that entity.

The case of exporting companies that not only send drugs to the United States, Miami basically, but that also carry out financial operations to legalize the proceeds of drug sales has also been exposed.

In October, two companies set up by a Colombian and a Guatemalan were uncovered. According to U.S. drug officials, these firms were part of an international network created by the Cali Cartel.

According to investigations, Frucosa and Xela, S.A. exported frozen fruits and vegetables and the owners received dividends from the cocaine shipments inside the product and commissions for laundering dollars.

Corruption derived from drug-trafficking activities originates in the large economic profits that can be made from the oligopolist drug prices. This money allow traffickers to buy officials (judges, policemen, congressmen, military officers, etc.) and finance gangs of criminals and even private armies.

National drug-trafficking authorities said that it is very difficult to detect the laundering of dollars, but currently there is a specialized unit to investigate the cases of money laundering from drug-trafficking activities.

In the Central American Presidential Summit, which began yesterday, the issue of drug trafficking in the region will be widely discussed, so as to prevent endangering the incipient democracies, as happened in South American countries.

Honduras

Reaction to Nicaraguan Seizure of Fishing Boats

Minister Confirms Detention of Boats

PA1912200595 San Pedro Sula TIEMPO in Spanish 19 Dec 95 p 3

[FBIS Translated Text] Tegucigalpa — Although reports from Puerto Lempira yesterday said that six vessels had been seized and more than 100 fishermen had been detained, Foreign Minister Delmer Urbizo Panting said that only five vessels were seized and 21 Hondurans were detained by Nicaraguan Naval Force personnel on national territorial waters on Sunday.

Colonel Bruno Fontana, commander of the Honduran Naval Force, said that the vessels seized by the Nicaraguans included the Pavanca II, captained by Rene Echeverria, and a crew of six.

Other vessels were the Pamela II whose captain, Porfirio Casildo, was detained along with his crew; the Reina captained by Paulino Dubal; and the Jarol II.

Honduran Otto Echeverria, a brother of Honduran Ambassador to Jamaica Roy Echeverria, was wounded in the seizure.

Urbizo Panting confirmed that the vessels are being held by the Nicaraguan authorities and that they were detained on Honduran territorial waters within the 15th parallel when they were fishing in the Caribbean Sea.

He insisted that the preliminary reports obtained by the Honduran Naval Force indicate that only 21 Hondurans

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

were arrested. Honduran residents of La Mosquitia and Islas de la Bahia had reported that more than 100 Hondurans had been arrested.

The official rejected as false the charge that the Honduran naval authorities are merely for decorative purposes, adding that "they have always been concerned about defending the Honduran coasts, but one would need a huge fleet to patrol the seas."

He indicated that in these cases in which greater surveillance is needed, airplanes are deployed to overfly the area, but on this occasion, the patrols could not be continued because of the weather conditions on the Atlantic coast.

Asked whether a protest note is going to be issued given that the Nicaraguan military personnel violated Honduran sovereignty, Urbizo Panting said: "We are investigating everything to have all the information before we issue a statement. I cannot express an opinion beforehand."

He said this incident will be investigated by the Honduran and Nicaraguan Binational Commission. Regarding the persons who were detained and the vessels that were seized, he said Honduran diplomats in Nicaragua are working on this.

Urbizo Panting said this incident disturbs the relations between the two countries but it does not essentially hurt them because feasible means to resolve the problems are being sought.

He said that yesterday morning he tried to get in touch with Nicaraguan Foreign Minister Ernesto Leal but he was unsuccessful because Leal had left his office.

Urbizo Panting excused the Nicaraguans stating: "The problem is that the Nicaraguan Naval Force operates almost autonomously. It is difficult for some Nicaraguan civilian authorities to control these people."

Nevertheless, he indicated that the problems will be solved at the highest level because there is "goodwill on their part."

Protest Issued on 'Flagrant Violation'

PA1912233895 Panama City ACAN in Spanish 2134 GMT 19 Dec 95

[FBIS Translated Text] Tegucigalpa, 19 Dec (ACAN-EFE) — Today, Tuesday, Honduras presented a protest to Nicaragua for the "flagrant violation" of its sovereignty by Nicaraguan patrol boats that captured more than 100 fishermen and their fishing vessels "in Honduran territorial waters" of the Caribbean sea.

Honduran Foreign Relations Minister Delmer Urbizo Panting forwarded a protest note to his Nicaraguan colleague Ernesto Leal demanding the "immediate release" of the "more than 100" fishermen and the return of their ships and fishing equipments.

The incident took place this past Sunday between 10:00 and 11:30 local time (1600 and 1730 GMT), when five Honduran ships were apprehended by Nicaraguan Naval Force patrols boats, nearly 215 miles off the coast of cape Gracias a Dios, located in the Honduran department that bears the same name.

According to authorities from Tegucigalpa, the Nicaraguan naval force attacked the Honduran ships without any prior warning and wounded Otto Echeverria, the captain of one of the ships, who is currently in Puerto Cabezas, in the Nicaraguan Atlantic, the same as the Hondurans under arrest along with their ships, according to Tegucigalpa authorities.

Urbizo Panting points out that the attack and arrest of the Honduran nationals is "even more serious" than the "flagrant violation of the national sovereignty."

Nearly 100 other Honduran fishermen are adrift in high seas without any official information with respect to their fate.

The Honduran protest note disclosed by Urbizo Panting during a news conference, points out that the sea vessels detained are the Pawanka, Pamela II, Doris Kira, Mustang, and Arnol I.

The Honduran foreign relations minister stresses that the incident took place "according to information announced by the Nicaraguan authorities themselves," at parallel 15 and five minutes, north of parallel 14 with 59 minutes and eight seconds, "which is the Altantic maritime limit traditionally recognized and respected by both countries."

At the moment of their detention, the crew of the Honduran ships were able to make emergency radio calls asking for help, that were heard by Honduran radio stations who immediately broadcasted the information.

Urbizo Panting says that the incident "is contrary to the traditional relations of friendship and cooperation" between both countries, and also violates bilateral agreements adopted at the Binational Commission created to prevent and resolve border conflicts.

In addition to requesting "whatever explanations the case may merit" and the release of the detainees and fishing boats, the Honduran minister requested his Nicaraguan colleague to repatriate Honduran captain Echeverria so that he can receive medical attention in Honduras.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Likewise, Honduras requested an "urgent" Bilateral Commission meeting during the first days of January 1996 to prevent any further repeat of these incidents.

Officials from both countries claim that clashes between patrols and fishing boats are due to the lack of clear delimitation of the waters.

Civil Sectors Say Reina Fears Army

96CA0084A San Jose LA NACION in Spanish
8 Dec 95

[Received via Internet]

[FBIS Translated Text] Tegucigalpa—Yesterday, Thursday, civil sectors said that the president of Honduras, Carlos Roberto Reina, "fears" the Armed Forces; they felt that "there can now be no talk of a moral revolution" in his government, as he has said that the military are entitled to receive the benefit of amnesty decrees.

Reina maintains that "amnesty means a forgetting of events, and so it includes everyone" involved in the repression which took place in Honduras during the past decade.

Leaders of human rights organizations have said they are surprised and even indignant about Reina's position, for they feel that he has made an abrupt shift in his position on the application of amnesty.

COFADEH [Committee of Relatives of Missing Prisoners in Honduras] has announced that it will turn to the CIDH [Inter-American Human Rights Committee] if the Court of Appeals rules in favor of the military in a decision on an amparo proceeding for 10 officers charged in a case of temporary disappearance.

The only person who praised Reina is the head of the Armed Forces, General Luis Alonso Discua, who said that he has a "very good opinion" of the amnesty. The coordinator of COFADEH, Bertha Oliva, said that Reina "is afraid of the Armed Forces, to which he is subjugated," even though he is their commander in chief.

"The president's opinion is not based on law, but it is motivated by politics or fear," she stated.

Fifteen members of the military have been charged by the Public Ministry's Human Rights Office, 10 for the temporary disappearance of six students in 1982, and the others for the kidnapping of an alleged guerrilla in 1983.

The Armed Forces insist that the amnesty, which has benefitted leftist leaders, should also include the military who took part in the repression that prevailed in this Central American country during the 1980's.

Reina is basing the actions of his government on a "moral revolution" which seeks, through the proper administration of justice, to put an end to the corruption and impunity that have been traditional in Honduras.

But based on what Reina said about the amnesty, "it would be practically impossible to speak of a moral revolution," said Ramon Custodio, the president of CODEH [Committee for the Defense of Human Rights in Honduras], a private group.

According to this humanitarian leader, with this change in attitude Reina "is identifying with an extremist sector of society, a minority sector, thank God, that favors impunity." Custodio considered Reina's comments a form of "pressure" being placed on the Court of Appeals magistrates so that they would rule in favor of the military.

However, the president maintains that he continues "to respect the principle of the separation of powers," and said that his opinion is that of "an ordinary citizen." "I cannot prompt a ruling to be issued one way or another; I am simply stating my opinion. Amnesty means a forgetting of events, and so it includes everyone," emphasized Reina.

According to the Honduran president, the amnesty is applicable to those military who were implicated in tortures and disappearances, but "without a connection to political events." The state Human Rights Protection Commissioner, Leo Valladares, said: "I respect the president of the Republic, but I totally disagree with his opinions. President Reina should base his opinions properly," emphasized Valladares, who in 1993 released a report stating that military and civilians were responsible for the disappearance of 184 persons in Honduras during the past decade.

The commissioner reaffirmed that one option for bringing about justice in the case of the disappeared would be to turn to the CIDH, based in Costa Rica, which in 1988 condemned Honduras for the disappearance of two Honduran citizens, Saul Godinez and Manfredo Velasquez.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Nicaragua

Press Note Issued on 'Shoot-Out' With Honduran Boats

PA1912195095 Managua BARRICADA in Spanish 19 Dec 95 pp 1, 8

[Report by Freddy Garcia Eschke]

[FBIS Translated Excerpt] More than 100 fishermen who were fishing illegally aboard four Honduran boats in Nicaragua's Caribbean territorial waters were arrested by Naval Forces last Sunday, 17 December, after a shoot-out in which one of the foreign fishermen was injured, the Foreign Ministry has officially reported.

According to the official press note, the Honduran boats that were captured are the Comrade, Arnold I, Pawanka, and Mustang. The last three boats, the note added, attempted to evade capture, but the Nicaraguan Coast Guard intercepted them at 15 degrees and 5 minutes of latitude and 81 decrees and 50 minutes of longitude.

"During the pursuit, crew members of the boat Mustang opened fire on the Nicaraguan units, which, in legitimate defense, answered the fire injuring fisherman Otto Echeverria, who was taken to Puerto Cabezas where he is being treated at the Regional Hospital," the official note stated. [passage omitted]

The Nicaraguan Government, through the Foreign Ministry, expressed regret for the incident, although it affirmed that these incidents are caused by the illegal fishing in national waters. The government reiterated "all necessary steps are being taken to resolve this situation in the best possible manner, in correspondence with the ties of friendship joining Nicaragua and Honduras."

Unofficial sources from the Autonomous Region of the North Atlantic said that among those arrested there are at least two U.S. citizens. They concluded that the injured fisherman, Otto Echeverria, is out of danger after being treated from a bullet wound in one of his legs.

Minister: Arrested Fishermen Deported to Honduras

PA2012020795 Panama City ACAN in Spanish 2300 GMT 19 Dec 95

[FBIS Translated Text] Managua, 19 Dec (ACAN-EFE) — The Nicaraguan government minister announced today, Tuesday, that 87 Honduran fishermen who had been arrested on 17 December while fishing illegally in Nicaraguan waters of the Caribbean Sea had been deported by land back to Honduras.

According to an official Government Ministry spokesman, the fishermen, who were detained at Puerto Cabezas, in the extreme northeastern part of Nicaragua, were handed over on 18 December to Honduran military authorities in the border sector of Leymus, in the Northern Atlantic Autonomous Region.

Lieutenant Julio Alvarez, an official from the Migration and Foreign Alien Registration Office, in the North Atlantic, has told the press "there are no other Honduran fishermen being detained" in Puerto Cabezas following the deportation of this group.

Army chief General Joaquin Cuadra Lacayo had said hours before that the arrested fishermen totaled 109, including one that had been wounded during a shoot out between patrol boats and the crew of the four fishing ships while attempting to flee toward Honduran waters.

The Honduran Government filed a protest note today to Nicaragua for what it claims to have been a "flagrant violation" of its sovereignty by Nicaraguan patrol boats that proceeded to arrest the 100 fishermen and to confiscate their fishing vessels in the Caribbean Sea.

It is almost certain that the incident will be an issue that will be discussed between both nations' military chiefs tomorrow, when Cuadra Lacayo attends, as a guest, the events to take place in Honduras commemorating the 150th anniversary of the Honduran Armed Forces.

Panama

Groups To Protest U.S. Invasion, Stay of Bases

PA1912154895 Panama City EL PANAMA AMERICA in Spanish 19 Dec 95 p 8A

[Report by Carlos Vargas]

[FBIS Translated Text] With a vigil starting at 2100 today outside the U.S. Embassy, mass, student, union, and human rights organizations will begin acts to protest the U.S. invasion carried out by that country's army on 20 December 1989.

These organizations will also conduct a political ceremony outside the diplomatic mission to reject the stay of U.S. bases in Panama beyond 2000.

"Six years after that intervention, the serious consequences, such as psychological traumas, loss of goods and self-esteem, and the grave problems of security that afflict the entire population continue, the People's Coordinating Board for Human Rights in Panama (Copodehupa) stated in a communique referring to the 20 December invasion. [no end quotation mark as published]

On 20 December, these organizations have planned a march that will begin on Porras Square in Panama City to reject the U.S. invasion that took place six years ago.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

"El Chorrillo Martyr Neighborhood" Committee will stage a symbolic fire in the area.

President Announces Changes in Security Groups

PA1912200095 Panama City Circuito RPC Television in Spanish 1730 GMT 19 Dec 95

[Report by Julia Elena Alvear, from the "Midday Television News" newscast]

[FBIS Translated Text] Panamanian President Ernesto Perez Balladares today, announced changes in the National Police and the Council for National Security and National Defense [Conasepuden] directorates. According to the president, the decision to remove Police Director Oswaldo Fernandez is based on a mutual agreement. Jose Luis Fernandez, who is the current Conasepuden director, will replace Fernandez. In turn, Sosa is replaced by former Judicial Technical Police Director Gabriel Castro.

[Begin Perez Balladares recording] Let me make this very clear. Oswaldo Fernandez has neither been fired nor has he quit because he wants to leave the government. Both of us reached the agreement, which I find interesting, that he had served enough time and that he strives — he told this to me a long time ago, while I was still president-elect and asked him to stay — for other things and, as a Panamanian, he has a right to them. So, we both concluded that this was the right time to make those changes. Thus, there is no dismissal or resignation. [end recording]

Oswaldo Fernandez was director of the National Police for four years and seven months. Jose Luis Sosa has been Conasepuden director since President Ernesto Perez Balladares was sworn into office.

[Begin Sosa recording] My policy in the National Police will be the same one I had at Conasepuden: to follow the guidelines of the president of the Republic. [end recording]

The new directors of the security organizations will occupy their positions as of 27 December. Jose Luis Sosa becomes the seventh National Police director after the changes made in 1990.

Confirms Replacement of Police Director

PA2012021095 Panama City Circuito RPC Television in Spanish 2300 GMT 19 Dec 95

[Report by Alvaro Alvarado, during the "RPC Television News" newscast]

[FBIS Translated Text] Last week RPC Television News reported that the National Police director could be replaced before Christmas. Today, only a few days away from Christmas, this information has been confirmed by President Ernesto Perez Balladares.

[Begin Perez Balladares recording] Oswaldo Fernandez, director of the National Police, ends his term in this post today. He is being replaced by Jose Luis Sosa, who, until now, has been the director of the Council for State Security and National Defense. Sosa will be replaced in his post by Gabriel Castro, who, as all of you know, was director of the Judicial Technical Police [PTJ] until 15 December.

Oswaldo Fernandez will take a vacation, and afterwards he will assume the position to which has been appointed, and which we will make public at a suitable time. [end recording]

These changes have no political motives. Oswaldo Fernandez has fulfilled the mission to which he was appointed with a high degree of responsibility and professionalism, the president said. He has not been dismissed and he did not resign, the president stated.

[Begin Perez Balladares recording] As you know, Director Fernandez has spent four years and three months in the National Police and prior to that he spent one year in the PTJ. It would be too much to ask any person to endure the level of pressure and tension that weighs on PTJ and National Police directors for a longer time. [end recording]

The new National Police director, Jose Luis Sosa, said that his policy at the head of the institution will not vary much from that of the former police director.

Gabriel Castro, who will now be director of state security, will have a monthly salary of 10,000 balboas, according to sources.

President Perez Balladares dismissed rumors about a possible attack on him.

Officials Investigate Warning of Presidential Attack

PA1912134495 Panama City EL PANAMA AMERICA in Spanish 19 Dec 95 p 1

[Report by Juan Manuel Diaz C.]

[FBIS Translated Text] An official source has revealed that state security institutions are investigating the origin of a telephone call that warned about an attack on President Ernesto Perez Balladares presumably by the narcomafia.

The source said the voice of a man with a foreign accent made a number of calls to warn that Perez Balladares' car would be the target of an attack along the route he uses daily.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The source indicated that the narcomafia reportedly paid approximately $2 million for the attack but did not provide further details about when it would be staged.

The source said the information was given to the Presidency of the Republic and the National Police to begin the investigations and corroborate the truth of the telephone warning.

On 3 January, the authorities thwarted an alleged plan to assassinate Perez Balladares and his two vice presidents. Ten policemen were arrested and a businessman and PRD [Democratic Revolutionary Party] members from Chiriqui Province were linked to the plan.

Former members of the Defense Forces who are out of the country and who at one time were legally prosecuted, were also linked to the alleged plan to assassinate the president.

Police sources recently affirmed that the president has changed his bodyguards on more than one occasion, because they had not shown professionalism and did not meet the requirements for such a task.

Nevertheless, this information was denied by members of the National Security Council who said the president is satisfied with his security personnel.

The president's security is the responsibility of the Institutional Protection Service (SPI), which was created after the December 1989 invasion and forms part of the Public Force.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Brazil

Senator Claims Cardoso 'Afraid' of Clinton Over Sivam

PY1912134695 Sao Paulo AGENCIA ESTADO in Portuguese 1957 GMT 18 Dec 95

[By Ayrton Centeno]

[FBIS Translated Text] Porto Alegre, 18 Dec (AE) — Senator Roberto Requiao (PMDB-PR) [Brazilian Democratic Movement Party-Parana] today said that President Fernando Henrique Cardoso "seems to be afraid of Bill Clinton" because the former insists on the Sivam [Amazon Region Surveillance System] project." Requiao recalled that the U.S. President asked Cardoso to keep the U.S. company Raytheon in charge of implementing the Sivam project. He added that in this case, the president "lacks firmness, courage, and the capacity to make decisions." Requiao advocated the cancellation of the contract with Raytheon, and that work on the project be resumed.

In his opinion, "monitoring the Amazon region is essential for Brazil." However, he wants the project "done by Brazilians and under Brazilian control, contrary to what is happening now." Requiao attended the National Seminar on the Fight Against Corruption, held at the plenary sesssion hall of the Rio Grande do Sul Legislative Assembly building. The seminar was also attended by former Attorney General Aristides Junqueira, former Senator Jose Paulo Bisol, and National Accounting Office (TCU) member Fernando Goncalves. The seminar was sponsored by Cidadania Institute, a nongovernmental organization coordinated by former PT [Workers Party] President Luiz Inacio Lula da Silva.

JUNQUEIRA — Former Attorney General Aristides Junqueira did not like the course that the executive branch has followed on the debate on Sivam. He said that "being afraid of facing things reflects a weak mentality." He criticized the government leaders who conceal facts, fearing that they might affect the government. "Concealing facts and saying everything is perfect undermines institutions," he said.

On the pink folder, case, Junqueira said that if the Economico bank gave funds to candidates in 1990, there were irregularities. "At that time, private parties were not allowed to make donations to candidates, but only to parties," he said. "Whoever failed to account for it committed a crime," he said. He added that just any citizen can report the matter to the Superior Electoral Court, asking the Court to adjudicate the case.

Cardoso Denies Cabinet Changes, Speaks on Sivam

PY2012005195 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 19 Dec 95

[Passages within quotation marks indicate recorded statements by President Fernando Henrique Cardoso]

[FBIS Translated Text] President Fernando Henrique Cardoso today granted a news conference in Malaysia. He again spoke about the Sivam [Amazon Region Surveillance System] project:

"Look, I am not the kind of person who thinks that to govern is to simply convey an image. I have an opinion. I think that governing implies being responsible, committed. An issue is either true or it is not. If it is true, then alright. But if it is simply an accusation, it will pass. We should get used to being serene. With firmness, with serenity, without trampling on things."

The president said he will carefully analyze the document that Senator Antonio Carlos Magalhaes claims reveals an understanding between ESCA [Automation and Control Systems Engineering], Raytheon, and Lider company with regard to the Sivam project.

Cardoso also denied that Congress President Jose Sarney should have criticized the Community in Solidarity Program:

"He did not criticize the Community in Solidarity program. He said that it needs structural reforms. It does have a structure, however. Let me see. I must again explain what the Community in Solidarity is. It is not a separate program. It is a manner by which to expedite such structural government programs as, for example, those in the field of education. The distribution of food, of schools buses, and teachers' salaries must be improved. All this is part of the Community in Solidarity program. Even rural settlements. We are already carrying out such structural transformations as those in the field of education, for example. This reform depends only on Congress. Teachers must be better paid; more funds must be allocated to primary schools. Everything that is part of a structure implies time consumption. We are taking action."

The president of the Republic announced that there will be no cabinet changes in his administration:

"We have a presidential system of government. The president was elected; the president decides on his own cabinet. He decides. It is my decision. I will not change the cabinet. There is no reason for changing ministers at this stage. When I think it is time for changes, I will make them. Of course, when that time comes, I will talk with the party leaders. I did not speak with any party leader about this subject. I am not considering this.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

"I think that we can continue guaranteeing the stability of the Brazilian economy by carrying out our projects. If someone speculates, even if he is a minister, he is doing so on his own. I have said this a million times. This cross-fire of accusations wearies the people. People do not want to know whether this minister will be changed or not. They do not want to hear about accusations. They want to learn of actions that will improve their standard of living. Such actions depend on continuity, on calmness. Therefore, I will be the only one to make decisions on the cabinet. There will be no changes."

After the news conference, President Cardoso attended the closing of the Brazil-Malaysia business seminar. He departed for Spain, where he will ratify an agreement signed between the Mercosur [Common Market of the South] and the EU.

Agency Created To Prevent 'Money Laundering'

PY1912020795 Sao Paulo FOLHA DE SAO PAULO in Portuguese 11 Dec 95 Section 1 p 9

[Article by Liliana Lavoratti]

[FBIS Translated Text] The government wants to create, next year, the Federal Agency for the Control of Illegal Financial Activities [Agencia Federal de Controle de Atividades Financeiras Ilicitas — Agecafi].

The agency will closely follow operations conducted with "dirty money" in the financial system. Operations involving this sort of money are conducted by members of organized crime, particularly drug traffickers.

The establishement of Agecafi is contemplated in a draft bill that includes, among Penal Code crimes, that of "money laundering." The text of the presidential decree regulating Agecafi is also ready.

Punishment for "money laundering" ranges from two to five years' imprisonment. These sentences apply not only to those who are directly involved in the operation, but also to bank owners and directors.

The same draft bill also contemplates suspension of bank and fiscal secrecy.

The two documents to which FOLHA had access — the decree that regulates Agecafi and the draft bill — are being analyzed by Finance Minister Pedro Malan, Justice Minister Nelson Jobim, and Civil Household Chief Clovis Carvalho.

The draft bill, which has already been discussed with several jurists, will be sent to Congress at the beginning of 1996.

The government's objective is to prevent "laundering" of "dirty money" in Brazil. Government officials believe that economic stability, added to rigid bank secrecy, has made the country more attractive for money laundering activities.

The lower the inflation rate, the cheaper it is to launder money because the money can enter the financial system and stay there for a few days until the operations become legal, without causing any loss to those who own the money.

According to a report by the committee that prepared the draft bill and the decree, it is believed that of the overall financial operations conducted in Brazil — which total $3.480 trillion per year — $490 billion is of suspect origin.

Agecafi will be subordinated to the Finance Ministry and will be made up of 19 members from the Central Bank, the Federal Revenue Office, the Federal Police, and the Securities and Exchange Commission.

The Agecafi director general, who will have powers equivalent to those of the Federal Police director, will be appointed by the finance minister.

Agecafi will have the power to request from the banks data on account holders and on the movement of resources that may be considered suspicious. It will also be entitled to receive reports related to banking operations considered suspicious, even from sources that may remain unidentified.

The Agecafi director general will be reponsible for establishing the levels of confidentiality of this information, and for controlling the passwords to access confidential data. Nowadays, exchange of this sort of data among government organizations is practically nonexistent.

Once Agecafi is operational, the government wants to speed up investigation of this type of operation and, in particular, of court rulings on them.

Whenever concrete evidence proves that financial operations involving large sums have an illegal origin, Agecafi and the Central Bank can ask the Attorney General's Office to present formal charges to the courts against those involved in the operations.

The government expects that Agecafi will yield practical results that will help in seizing — temporarily or definitively — money or assets obtained through suspicious activities.

The draft bill contemplates the possibility that a judge will decree a preliminary confiscation of the money used in suspicious operations. If the legal origin of the resources is not proven, confiscation will then become definitive.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The resources resulting from these seizures will be allocated to the Fund for Prevention, Rehabilitation, and Combat Against Drugs (Funcab), and used to modernize the current database system used by Funcab.

Advantages Country Offers to Organized Crime Analyzed

PY1912024695 Rio de Janeiro O GLOBO in Portuguese 10 Dec 95 p 11

[Article by Joel Santos Guimaraes]

[FBIS Translated Text] Sao Paulo — According to Judge Walter Fanganiello Malevocitch, of the Sao Paulo Court of Justice, Brazil is becoming a haven for international organized crime. According to investigation by the Federal Police and the Justice Ministry, based on data supplied by Interpol, nearly 50 mafia kingpins are living in the country, 27 of them in Sao Paulo. Malevocitch added that Brazil is becoming the largest market for the laundering of dirty money in the world.

The judge added that to be convinced of that, it is enough to remember that one-fourth of all the money in circulation worldwide is dirty money and that 25 percent of the overall amount moved by the criminal organizations results from drug trafficking activities. Quoting THE LOS ANGELES TIMES, Malevocitch said that organized crime conducts operations worth $850 billion per year.

Federal Police investigations show that the U.S. and Sicilian mafias control, or have small amounts of shares in, at least 200 Brazilian enterprises — from bakeries to motels and civil construction and transportation companies. A certain portion of the dollars sent to Brazil in order to be laundered or to be used in the purchase of enterprises allegedly comes from a holding [preceding word in English] headquartered in Luxembourg, which is the European fiscal haven.

According to Francisco Garisto, director of the Federation of Federal Police Agents, the enterprises are used not only as a front for money laundering, but also to cover up drug trafficking and weapons smuggling activities.

According to a Federal Police inspector, the foreign criminals identify the enterprises that are about to go bankrupt and offer to inject capital into them. They thus become partners in these companies, even if it is through a small amount of shares. Some of the Brazilian partners do not even guess the sort of people their new partners are. Others work in the same type of businesses as the mafia kingpins. Investigations conducted by the Federal Police and the Federal Revenue Office indicate that the mafia kingpins are purchasing shares of motels, air taxi companies, freight companies, civil construction companies, and even insurance companies.

A government source has reported to O GLOBO that a large Rio de Janeiro-Sao Paulo construction company, which had called a creditors' composition, received an injection of resources and returned to the market strengthened. The money had reportedly been invested in the company by one of the partners: Antonio Salomone, of the Cosa Nostra.

Salomone escaped from jail in Italy in 1984 and came to Brazil to kill another mafia member: Tommaso Buscetta. He did not fulfill his mission and made an agreement with the Italian courts. So, he returned to Italy in 1986 to serve his sentence. He escaped again a few months later and came to Brazil in 1992. The 78-year-old mafia member was arrested by the Federal Police in 1993 and had his request for extradition denied because he was a naturalized Brazilian. Currently, he lives in Sao Paulo and is very ill.

A policeman revealed: We are investigating data on the owner of a small construction company which had gone bankrupt and, thanks to Colombian drug trafficking money, has recovered its financial health. This company now owns at least 2,000 buildings in Rio de Janeiro and Sao Paulo, as well as a chain of motels that are used as cocaine distribution points.

According to the same source, investigation can lead to a medium-size bank that has received money, via Uruguay, from the Luxembourg holding [preceding word in English] in order to conduct transactions in the Brazilian financial market.

Chile

Envoy: Nation's Example Not Acknowledged by U.S.

PY1912222795 Santiago EL MERCURIO in Spanish 17 Dec 95 p A19

[Report by Patricio Gonzalez Cabrera, special correspondent in Washington]

[FBIS Translated Text] John Biehl, Chilean ambassador to the United States, when commenting on the fact that the U.S. Government has still not approved the "fast track" [preceding two words in English] mechanism to negotiate Chile's entry into NAFTA, said that "Chile's positive example has still not been acknowledged here."

He believes, however, that the stability level reached in the political, economic, and social fields by Chile after so much work and effort will have to be accepted sooner or latter. He commented that during the Cold

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

War era, Latin America represented a small portion of the Western bloc, and that a certain inertia followed the struggle led by Washington against the Soviet bloc.

From that viewpoint, the United States is accustomed to doing its part in "solving problems" in Latin America and keep this zone free of communist regimes.

He asserted: "Latin America has always reached out, is always asking for money, for aid. Asking for everything. The regional institutions created and headquartered in Washington were almost exclusively in charge of meeting those demands. But in our case this is no longer so."

He said that the changes that came afterward strongly affected our continent, and Chile in particular. "Currently, Chile, which is a small country, contributes to solving the continent's problems rather than being a part of them." He commented: "Our country does not reach out for help in any field, and that is a great change." He added that due to this national strength, we are no longer willing to be subject to foreign powers, and that through all the existing legal means we defend Chile's commercial interests throughout the world, as in the case of the poisoned grapes.

The ambassador said that although Chile's progress is a political and economic reality in Latin America, there are still many "nostalgic" politicians in the United States who cannot cast aside the previous image they had of the continent to describe all the countries of this zone.

He asserted that this image gained strength in the United States following the deception caused by the economic crisis affecting Mexico, whose system, several months before the Miami Summit held in 1994, had been exaggeratedly raised to the level of "world example" by the same influential sectors.

"At that time Chile pointed out that everything demands a lot of work and it was not a question of instant solutions. Well, in one year everything changed substantially in the continent and a crisis was unleashed that ruined not only the Mexican economy but also that of Argentina, Brazil, and Venezuela, among other nations. It affected all countries except Chile," he added.

He stated that before the Mexican economic crisis, Chile was shaken by a series of domestic political crises due to the Contreras case, which contributed to the idea among certain sectors that the country was not worthy of joining NAFTA.

Ambassador Biehl added that despite such regrettable economic crises in the continent, Chile emerged with another spectacular year from the economic viewpoint, with reserves that surpass its annual exports, with an 8 percent inflation rate, a low unemployment rate, and the payment without precedent of part of its foreign debt.

"During the Cold War the attention of the United State was focused on the Cold War, and now, it seems, it continues with the same inertia. Now, sad to say, it seems as if the United States finds it easier to send troops to Bosnia or organize a $50 billion loan to help Mexico than to sign a free trade agreement with a country that has become an example, like Chile."

Biehl commented that all the actions proposed are praiseworthy, but that the Chilean reality should be viewed with the same attitude as the need to safeguard democracy in Bosnia and Haiti or the Mexican economy is viewed.

He went on to say: "Why can't a positive, constructive symbol such as our country be taken and treated as the exception to the rule? I believe this is very frustrating for the country's fulfillment because it expects the same energy and determination in the actions of a country as important as the United States."

At any rate, the ambassador said he is aware that the negotiations to enter NAFTA are not easy and are not only subject to the decisions of the Clinton administration but also to the interests of U.S. businessmen.

He said: "In the past it was maintained that whatever was good for General Motors was good for the United States. Now, when one sees the biased interests in that country, it could be stated that what is good for a group of machine operators in New Orleans could become U.S. international policy."

Regarding the future, Ambassador Biehl said he is optimistic because there are signs that more countries and people are acknowledging the reality of the new and progressive Chile within the world context.

Insulza Stresses Achievements in Foreign Policy

PY1912160195 Santiago EL MERCURIO in Spanish 16 Dec 95 p C3

[FBIS Translated Text] Foreign Minister Jose Miguel Insulza yesterday made a positive evaluation of the steps taken concerning foreign policy, especially stressing the progress achieved concerning internationalization of the Chilean economy and regional integration.

He admitted, however, that the postponement of negotiations until 1997 for Chile's entry into NAFTA can be considered "a fact which is not favorable."

Ratification of the ruling, which implies the total loss of the territory in dispute in the zone known as Laguna del Desierto was also considered "a negative point,"

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

although he argued that this is a problem carried over from the previous year.

He also expressed his desire that pending issues with neighboring countries will definitely be overcome during 1996 and that agreements will be reached with Mercosur [Common Market of the South] and the EU.

He added on this point that National Congress should ratify the border agreement on the Southern Continental Glaciers, with which conflicts of this nature with Argentina would be solved.

He added that he expects that problems with Peru will also be solved in 1996.

Concerning the first priority established by the government for this year, Insulza said that great progress has been achieved concerning the internationalization of the Chilean economy.

"This has been an exceptional year for the entire foreign system. Concerning Mercosur, beyond all commentaries that might have been made, we have achieved a considerable development as compared to what we had six months ago. Within the next few months we will have an agreement between Chile and the EU similar to that signed with Mercosur."

Insulza Views EU Accord, Stresses Integration

PY1912234895 Santiago EL MERCURIO in Spanish 19 Dec 95 p A1

[FBIS Translated Excerpt] Chile and the EU formalized yesterday in Madrid their willingness to create the necessary infrastructure and mechanisms for establishing a political and economic bilateral association. The agreement was reached through a joint declaration that institutionalizes dialogue between the two parties. [passage omitted]

In this regard, Chilean Foreign Minister Jose Miguel Insulza said that the future Chilean association with the EU will not be an isolated link but part of a framework of much better relations between Europe and Latin America.

Insulza emphasized the Chilean commitment for integration with the region and for unity between Europe and the Americas.

Spanish Foreign Minister Javier Solana, who, with the signing of the declaration, carried out his last public activity as foreign minister before taking over as NATO secretary general, said relations between Chile and the EU will experience a great impulse in the next few months.

Solana said: "We signed the political declaration today and we hope that in the not very distant future, which can be measured in quarters, Chile will be able to sign an association agreement with the EU under the Italian presidency. And we also hope this will occur at the same time that Chile signs an agreement with the Mercosur [Common Market of the South] to become incorporated into the great Latin American integration process."

Insulza emphasized the Chilean interest in reaching an overall agreement with the EU which would clearly lead to an association. Insulza based his comments on the fact that the Chilean links with the EU in the last few years justify such an agreement.

Insulza added that the declaration he signed on behalf of the Chilean Government is an introductory mechanism that aims to put into operation a number of measures for reaching an association agreement.

He said: "What we signed today, within the framework of a general concept, is an agreement for political dialogue at the highest level, and we hope that in the next few weeks we will be able to begin negotiating the guidelines, pending approval by the EU, for reaching an economic and commercial agreement." [passage omitted]

Government Satisfied With Bosnian Peace Agreement

PY1912130995 Santiago EL MERCURIO in Spanish 16 Dec 95 p C8

[FBIS Translated Text] The government yesterday voiced its satisfaction over the agreement signed in Paris ending three years of war among ethnic groups in Bosnia.

The agreement signed by the presidents of Bosnia, Alija Izetbegovic; Croatia, Franjo Tudjman; and Serbia, Slobodan Milosevic, divides the territory into three equal parts between the Serbs and a Muslim-Croatian alliance.

Asked his opinion on the agreement, Foreign Minister Jose Miguel Insulza said that the government applauds it and is happy about the signing of this instrument, that will help solve the most serious international conflict since World War II.

Insulza said: "The agreement represents the strengthening of international negotiation mechanisms for a peaceful solution to controversies and the role of the UN Security Council. It involves most international protagonists, which guarantees the stability of the agreement, and we now hope that the parties will loyally fulfill its terms."

Insulza said that Chile is thinking of its participation in the process to rebuild Bosnia, taking into account that

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

next year it will become a nonpermanent member of the Security Council.

Norwegian Vice Foreign Minister Pays Official Visit

PY1912131595 Santiago LA TERCERA DE LA HORA in Spanish 16 Dec 95 p 4

[FBIS Translated Text] Norwegian Vice Foreign Affairs Minister Jan Egeland on 15 December said that Chile "could assist" other Latin American countries in the framework of the trilateral cooperation that is being encouraged by Norway.

He made this remark after meeting with acting Chilean Foreign Minister Mariano Fernandez as part of his official visit designed to strengthen the bilateral socio-economic, commercial, and political ties.

Egeland stated that the trilateral cooperation with Chile began with the assistance granted by Norway "during the military regime and the transition process." He added that Chile is in condition to assist other countries in the region.

Resumption of Negotiations With Mercosur Previewed

PY1912180995 Santiago EL MERCURIO in Spanish 16 Dec 95 p C5

[FBIS Translated Text] Chile has submitted its counter-proposal to the Common Market of the South (Mercosur) in which it responds to the latest proposal made by Mercosur when talks have resumed.

Negotiations will officially resume on Monday during a meeting that experts of the two parties will hold in Montevideo.

While Foreign Minister Jose Miguel Insulza was saying that he expects progress in the meeting, Agriculture Minister Emiliano Ortega categorically denied that all agreements must be proposed based on the possible damage that they could cause to productive sectors of the country and that in the case of Mercosur, understanding will not be harmful.

"There are many sectors of the Chilean agricultural economy interested in Mercosur: wine producers, fruit producers, producers of pork. So I do not see why it is said that Mercosur would cause damage. All agreements signed by Chile have implied an increase in exports of agricultural products," the agriculture minister said.

Minister Ortega also rejected the criticisms made by Mercosur sources concerning the inflexible position with which Chile is facing the negotiation process.

He said that on this matter no one can throw the first stone, because all agricultural countries with a temperate climate — that is, countries that produce wheat, meat, and milk, among other products — hope to reach the Brazilian market with their exports. "Then, this inflexible position is due to the fact that we also hope to have access to the greatest market for temperate-climate products inside Mercosur, that is Brazil," he said.

Nevertheless, he added that Chile is assuming a historical position on projecting relations with Mercosur as a whole, because it is a great economic space with which additional exportable products can be made and taken to the Asia-Pacific market.

Ortega said that for this reason Chile appreciates everything that is being done concerning physical integration, opening of paths and ports, and to render services looking toward that area.

"This is what establishes the fate of the temperate-climate agricultures of Mercosur, and not only Brazil. We must understand that if we complement ourselves for the markets of tropical climate such as Brazil, we must also seek a great complementation with Asia-Pacific," he said.

This issue was broadly debated yesterday at the Interministerial Committee for International Economic Negotiations which is headed by Foreign Minister Insulza.

In addition to Insulza and Ortega, the following also participated in the meeting held yesterday: Economy Minister Alvaro Garcia, Foreign Ministry Economic Relations Director Carlos Mladinic, and other advisers of those ministries.

Concerning the fears expressed by political and entrepreneurial sectors, Ortega said that it is not possible to make partial readings of the matter and that an objective balance must be made between the benefits and concessions that an agreement of this nature implies.

He gave as an example the fact that Chile wants to export milk to Brazil, but that it needs to improve the competitiveness of its grain crops and its meat production.

He said: "We must keep the idea of having all possible mechanisms as elements of negotiations; that is, the lists of exceptions which are necessary, and the quotas and the markets, because without them there are no exports."

President: Government-Military Ties 'Exceptional'

PY1912161895 Santiago EL MERCURIO in Spanish 16 Dec 95 p C9

[FBIS Translated Excerpt] Valparaiso — President Eduardo Frei yesterday stated that the government's relationship with the Armed Forces is at a "very exceptional" level.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

He said that the reason for this is that "we have always maintained that the government will respect the Armed Forces' professional role and that the Armed Forces will respect the established civil power."

In these terms he added that "we enjoy an excellent relationship, an excellent working relationship."

The chief of state made these comments at the end of the commencement ceremony of new officers held at noon on 15 December at the Arturo Prat Naval School, which he attended after the commencement ceremony of staff officers at the Naval War Academy.

The president made these comments after journalists asked him his opinion on the government-Armed Forces relations at the end of 1995.

He termed this relationship as extremely positive from the professional viewpoint and cordial from the human viewpoint, and said that "we believe, as rarely in our history, the Armed Forces of Chile are at a professional and technical level capable of safeguarding the country's peace, safety, and territorial integrity."

He added that an effort will continue to be made so that the technical and professional development continue to rise.

When asked whether the pending human rights issue has at any time caused that relationship any conflicts, President Frei answered: "No, because it is obviously a subject that must be handled by the court. Therefore, the relationship is always at an excellent level."

At noon yesterday President Frei hosted a luncheon at Cerro Castillo Palace, in Vina del Mar, to fete the staff officers who graduated in the morning.

At night he attended a reception at Las Salinas Naval Club to pay homage to his father, former President Eduardo Frei Montalva. [passage omitted]

Government Positively Evaluates Administration

PY1612012095 Santiago EL MERCURIO in Spanish 15 Dec 95 p C3

[FBIS Translated Text] The government, through the cabinet, yesterday anticipated any possible negative evaluation of its administration this year.

The government believes any idea that this was a lost year reflects an ideological position.

President Eduardo Frei presided over the last cabinet meeting this year, during which officials reiterated their optimistic vision of the political, economic, and social process in the country.

Nevertheless, President Frei has asked his aides to work in three specific areas to solve problems and deficiencies because recognition was made of the problems encountered along the way.

Frei asked for improvements on issues related to equity and public service, and to give the government programs greater coherence and effectiveness.

Frei also instructed his ministers to provide in the next few weeks an account of their work during 1995, including achievements and projects for early in 1996.

The cabinet meeting was held yesterday with the presence of all ministers, except Economy Minister Alvaro Garcia who is in the United States. The meeting concentrated on three reports delivered by Finance Minister Eduardo Aninat, Foreign Minister Jose Miguel Insulza, and Interior Minister Carlos Figueroa.

Aninat said the country has solid and stable development, while Insulza explained the Chilean negotiations with the NAFTA, the Mercosur [Common Market of the South] and the EU.

Figueroa discussed the progress made in relation to the "Frei Proposal" that covers the constitutional reforms, and the bill on missing and human rights.

Minister Secretary General of Government Jose Joaquin Brunner, who disclosed details of the cabinet meeting, said that each minister will give an account of his administration in the next few weeks.

Brunner added that the cabinet's evaluation of the country's situation and the prospects for economic development is "positive."

Regarding the two priority sectors for the government, education and infrastructure, the government believes important progress was made in modernization, educational reform, and in greater public and private investments in infrastructure.

At the institutional level, the government recognizes there was some tension as a result of inherited problems but added that the state of law gave effective solutions to the complex judicial cases encountered.

Regarding the reconciliation proposal, Brunner said there are now real possibilities for important constitutional reforms. He called on the opposition to support the amendments, which are greatly supported by the people as shown by the polls.

Brunner said: "The facts, the figures, and the results of 1995 are positive for the country, and this will be clearly shown by the upcoming ministers report on their administration. In contrast, any evaluation that 'this was a lost year or that nothing was done in the field of modernization' is far from reality and only reflects a selfish ideological view."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Asked about the stagnation of negotiations with NAFTA and Mercosur, Brunner said the government believes it would be a mistake to say that a delay in this complex process is negative. He added that Chile is not solely responsible for progress in the talks.

Regarding government relations with the Armed Forces, Brunner admitted the tension experienced in 1995, adding that progress must be made to review the institutions.

Colombia

Government 'Totally' Rejects Renewing Extraditions

PA1912195295 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 13 Dec 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] In a clear response to the United States, the Colombian Government has totally rejected any possibility of renewing extraditions.

[Begin recording] [Unidentified reporter] Is it definite that Colombia will not allow the extradition of any national drug trafficker to the United States for any reason?

[Defense Minister Juan Carlos Esguerra] This action is banned by the Constitution. To allow it would mean a violation of our Charter.

[Reporter] Thus, the fears of many drug traffickers of being kidnapped by U.S. commandos and taken to the United States are justified?

[Esguerra] Well, I do not think that that can happen. It would not only be an unacceptable violation of Colombia's sovereignty but it would also violate, which is equally unacceptable, international law. Naturally, it would be a pretty unfriendly act — to say the least — toward the Republic of Colombia. [end recording]

Samper's Lawyer: Gelbard's Remarks Harm Country

PA1912224595 Santa Fe de Bogota Inravision Canal A Network in Spanish 1730 GMT 19 Dec 95

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] Antonio Jose Cansino, the lawyer who represented President Ernesto Samper before the Accusations Committee of the Chamber of Representatives, said that Robert S. Gelbard's declarations were causing the country great harm. Cansino said he would go as far as the U.S. courts to clear up as much as possible.

[Begin Cansino recording] I believe that what is happening with the United States has gone far enough. Colombia should stand firm with dignity to prevent us from becoming a backyard, or colony, of the United States. I believe that things have gotten out of hand and I ask the Colombian people to stop the legal colonialism which the United States wants to exert on Colombia.

I will leave the country to speak to various international tribunals, but I want to make it very clear that I am doing so at my own expense and risk as president of the Colombian bar. President Samper will have had nothing to do with this action. [end recording]

Envoy Notes 'Satisfaction' With U.S. Official's Remarks

PA2012035095 Paris AFP in Spanish 0047 GMT 20 Dec 95

[FBIS Translated Text] Santa Fe de Bogota, 19 Dec (AFP) — Carlos Lleras, Colombian ambassador to Washington, has voiced his satisfaction over the remarks made on 19 December by Michael Skol, deputy assistant secretary for inter-American affairs, which put an end to the misunderstanding over the U.S. policy regarding the investigations by the Colombian Congress.

Ambassador Lleras' statement, which was disclosed through the Press Secretariat of the Presidential Palace in Santa Fe de Bogota, says "Skol's statements will ease the recent misunderstanding over the U.S. official policy regarding the investigations by the Accusations Committee of the Chamber of Representatives" of Colombia.

The congressional committee acquitted President Samper after four months of investigating the alleged financing of the past presidential campaign by money from narcotics trafficking. This ruling has led to heated commentaries by U.S. officials in recent days.

Among these are the statements made by Robert Gelbard, assistant secretary for international narcotics and crime, who told CNN on 15 December "it is clear this investigation was not a serious one."

Skol's statements on 19 December have calmed tempers after he said "we still consider this issue as an internal affair that must be solved by the people and government of Colombia."

The investigations by the congressional committee made up of 15 members—11 from the (ruling) Liberal Party and four from the (opposition) Conservative Party—found no evidence to bring President Samper before trial for the alleged receipt of monies from the Cali cocaine cartel led by Miguel and Gilberto Rodriguez Orejuela, both of whom are in prison.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

In concluding, Ambassador Lleras said "Colombia has had unprecedented success this past year in the struggle against drugs" and remarked that "nonetheless, it is necessary to have an attitude of cooperation and not of confrontation between our two countries in order to eliminate the worldwide drug problem."

Minister: Country Deserves U.S. Certification

PA1912160995 Madrid EFE in Spanish 2141 GMT 18 Dec 95

[FBIS Translated Text] Santa Fe de Bogota, 18 Dec (EFE) — Defense Minister Juan Carlos Esguerra said today in Bogota that the "amply satisfactory results" yielded by the 1995 war on drug trafficking make his country deserving of the certification that the U.S. Government must grant.

Esguerra said Colombia is awaiting with optimism the recognition that U.S. President Bill Clinton must issue on 1 March.

"This has been the best year in the history of Colombia's war on drugs," the defense minister affirmed, adding that "there has never been anything like it in terms of the quality and quantity of 'fat cats' put away."

The government of President Ernesto Samper Pizano stepped up in 1995 the pursuit of the top drug traffickers of the Cali cartel by an elite and military force and also expanded the fumigation missions on illegal crops.

Six of the seven leaders of the crime organization hierarchy, including brothers Gilberto and Miguel Rodriguez Orejuela — regarded as the top chieftains — were captured or surrendered to the authorities during the course of the first half of this year.

Colombia has also destroyed over half of the over 60,000 hectares planted with coca, poppy, and marijuana plants.

"The results obtained so far must fill us with satisfaction," said Esguerra for whom the destruction of cocaine laboratories, drug seizures, and fumigation of illegal crops are "undeniable achievements" of Colombia's war on drugs.

The official stated that "under no circumstance are we going to sleep on our laurels, but we await with great optimism the recognition (certification)."

Without the certification that the U.S. Government must prepare based on information submitted by Ambassador Myles Frechette, the Congress of that country will not be able to authorize new economic assistance to fight drug trafficking in Colombia.

Ecuador

Minister Reiterates Noninvolvement in Arms Race

PY2012004795 Quito Voz de Los Andes in Spanish 2300 GMT 19 Dec 95

[FBIS Translated Text] Ecuadoran Foreign Minister Galo Leoro, who proposed that any purchase of weapons by Ecuador and Peru be reported to the UN Security Council, reiterated today that Ecuador is not involved in an arms race.

Leoro said: This is not an arms race, the idea is not to strengthen Ecuador militarily, and, most important, the idea is not to use the airplanes because we Ecuadoreans have never taken, and will never take, military steps.

Electricity Rationing Increased To 8 Hours Per Day

PY1912011995 Quito Voz de Los Andes in Spanish 1700 GMT 18 Dec 95

[FBIS Translated Text] The Ecuadoran energy crisis seems to be getting worse after officials decided to increase the rationing of electricity throughout the country to more than seven hours a day.

The new rationing hours started today. According to the Inecel [Ecuadoran Institute of Electrification], the rationing was increased to seven to eight hours per day due to the lack of rain.

Ecuador is facing one of the worst electricity supply crises of the last 15 years, which has caused great losses to the productive sector. The productive sector reported that production losses exceeded $500 million during the first four months of rationing of electricity, which started in August.

According to a communique of the Production Federation, the losses will reach about $2 billion and the drought will continue until March 1996.

Emetel Withdraws Telephone Lines From Government Palace

PY1912183695 Quito Voz de Los Andes in Spanish 1700 GMT 19 Dec 95

[FBIS Translated Text] Quito — The government palace has been left incommunicado by a decision of the state-owned Telecommunications Company, Emetel, to withdraw from service more than 30 lines that used to belong to the Presidency press room.

So far there are six telephone lines in good condition but which are for the exclusive use of the press. Emetel has decided to withdraw the communication lines in several cases because the state does not pay for consumption,

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

and in other cases because of the need to restore them to their former owners.

Peru

Fujimori Urges U.S. To Act on 'Ethical Principles'

PY2012024895 Lima America Television Network in Spanish 0100 GMT 20 Dec 95

[FBIS Translated Excerpt] President Alberto Fujimori today referred again to the Ecuadoran purchase of Kfir fighters. Fujimori said the U.S. Government should act on the basis of ethical principles in this case because it is the guarantor of the Rio de Janeiro Protocol.

President Fujimori made this statement in a speech during the closing ceremony of the academic year of the Peruvian Air Force held at the Las Palmas Officers School.

[Begin recording] [Unidentified reporter] This is the second time President Fujimori has referred to the Ecuadoran purchase of Kfir fighters. Fujimori said the United States, because it is the guarantor of the Rio de Janeiro Protocol, must act on the basis of ethical principles to prevent the purchase from taking place.

[Fujimori] The fact that some military purchases by Ecuador could be carried out with the authorization of the U.S. Government is incomprehensible from the perspective of ethical obligations. The United States, as guarantor of this important treaty between Peru and Ecuador, should be the first country interested in ensuring that operations of this type, which commit its prestige, not be carried out. We are certain that the U.S. Government will give the necessary importance to the ethical aspects of being the guarantor of the peace, friendship and border treaty and to the problems the authorization of the purchase would create with regard to the peace process and to its own function as guarantor.

[Reporter] President Fujimori made this statement during the closing ceremony of the academic year of the Peruvian Air Force. [passage omitted] [end recording]

Venezuela

Minister Confirms Attack by Colombian Guerrillas

PA1712012795 Caracas Venezolana de Television Network in Spanish 1545 GMT 13 Dec 95

[FBIS Translated Text] Once again we make a contact with our reporter Pedro Prado, who has details on the new assault the Colombian guerrillas staged in area of Catatumbo, Zulia State.

[Prado] While explaining that there were no wounded or dead and no devastating property damage, Defense Minister Moises Orozco Graterol confirmed that the Colombian guerrillas staged another attack on Venezuelan military border posts. This time, the attack took place in Catatumbo, Zulia, on the evening of 12 December.

[Begin Orozco recording] Various explosive devices were launched and they shot at the posts and the walls. They later retreated as the attacked was repelled. In the early morning hours of 13 December, they again attacked the posts. Colonel (Freddy Presunto Lauretti), commander of the 1.2 Task Force, which is deployed there, is currently patrolling the area. Planes are also flying over the region to detect if this guerrilla group is still in Venezuelan territory. [end recording]

[Prado] As has been the case in other occasions, history repeated itself. The attackers of the Venezuelan border posts or the attackers of this border post in Catatumbo, in Zulia State, sought refuge behind the borderline between Colombia and Venezuela after staging the attack. On the other side of the line, there were no military agents or representatives from the neighboring country.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

— Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.

— Headlines and all bracketed explanatory notes are supplied by FBIS.

— Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.